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## ABSTRACT

This handbook is designed to assist school board members and school administrators in dealing with school management issues and problems. The first chapter provides a historical review of public school finance. The next three chapters deal with the source of public education funding, the general nature of local taxing authority, and the manner in which state taxing authority augments local taxes. Two of the chapters deal with costs and cost influences. Chapter 5 deals with federal aid. Chapter 6 provides a layman's understanding of the sometimes complicated Pennsylvania school subsidy system. It also provides some comparisons with other state subsidy systems. Chapter 7 provides comparative financial statistics at the national, state, and local levels. Chapter 8 presents existing and possible future options school officials may consider as they examine public school costs. The final chapter offers some alternatives and suggestions for improved school district business practices. (Author/IRT)

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## PENNSYLVANIA PUBLIC SCHOOL FINANCE

A Basic Guidebook  
Reviewing the Support and Funding  
of Public Education

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## FOREWARD

*Pennsylvania Public School Finance*, in nine carefully structured chapters, provides the background and alternatives available to public school officials in funding local educational programs.

The handbook is another addition to the series of PSBA handbooks designed to assist school board members and school administrators in dealing with school management issues and problems.

Pennsylvania school law grants local school boards, except in Philadelphia, fiscal autonomy. Such authority gives boards the responsibility to establish school district budgets and to levy the necessary taxes to support those budgets. The Philadelphia School Board does not have the authority to independently levy taxes. In Philadelphia, where the board is appointed, tax revenues are subject to the control of municipal government in accordance with the city's home rule charter.

The first chapter provides an historical review of public school finance. The next three chapters deal with the source of public education funding, the general nature of local taxing authority, and the manner in which state taxing authority augments local taxes. Two of the chapters deal with costs and cost influences.

Chapter Six provides a layman's understanding of the sometimes complicated Pennsylvania school subsidy system. It also provides some comparisons with other state subsidy systems.

Chapter Eight presents existing and possible future options school officials may consider as they examine public school costs.

The final chapter offers some alternatives and suggestions for improved school district business practices.

*Pennsylvania Public School Finance* is a long awaited reference for school board members and school management. Author David H. Rhone, an experienced and distinguished Pennsylvania school administrator, is a leader in developing sound public school business practices. PSBA Director of Research and Management Services Joseph V. Oravitz and PSBA Executive Director Fred M. Hedding also contributed to the handbook. Dr. Herbert Bryan, former state assistant commissioner for basic education, served as review editor.

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## Chapter One

# ***A history of Pennsylvania school finance***

*This brief history of school finance was capsuled from a presentation by Jack A. Seelinger, PSBA assistant director of legislation, at the PSBA Summer Workshop, Bucknell University, July 1975.*

The first permanent settlements in Pennsylvania were along the west bank of the Delaware River. About 1,000 persons, mainly Swedes, Dutch and English, began to arrive in 1640, but the first schoolhouse was not erected until 1682. Early education was placed in the hands of the church and remained largely sectarian until the late 1700s. A provisional constitution signed in Philadelphia in 1776 contained a section respecting education: "A school or schools shall be established in each county by the Legislature, for the instruction of youth, with salaries to the masters paid by the public. . ."

The first mention of "free" or gratis schools appears in the notes of the 1789-90 convention which formed the State Constitution of 1790. Section One said, "The Legislature shall, as soon as conveniently may be, provide by law for the establishment of schools throughout the state, in such a manner that the poor may be taught gratis". Note the use of the word "poor". It didn't mention or prohibit the rich, but on this seemingly negative, weak basis, rests our system of public instruction as it exists today. The project was undertaken to establish a single school in each county and the state saw fit to underwrite buildings, libraries, and annual operations but the effort was minimal.

In September 1794, a House of Representatives committee devised a plan calling for free schools for the poor, with one-fifth of the expense coming from the general fund of the state and the remainder derived from a county tax. Courses to be taught were spelling, reading, writing and arithmetic.

### Legislature funds school system

The true battle for free schools in the commonwealth began in the Legislature in 1830 when George Wolf, an ex-teacher and bold supporter of education, was governor. A committee submitted a report to the Legislature chastising the body for inactivity in the field of education and as a result, on April 2, 1831, the Legislature passed the Common School Fund Act and a funding start had been made. The Legislature began to realize its obligation to do something about creating a public school system as funded; however, it took until 1834, when an act to establish a general system of education by common schools was passed.

Recognizing the Act of 1831 by calling for total funds of \$2 million, it provided further that: the city and county of Philadelphia and every other county in the commonwealth and every ward, township, and borough. . . shall form a school district. The act provided for school boards, county taxes to be voted on by a committee of the county commissioners and one delegate school board member from each board. The amount of county school tax was to be not less than twice the amount received from state aid and negative voting districts were to receive no part of state aid.

The act passed nearly unanimously and immediately ran into trouble from the wealthy who disassociated themselves from the "common" or "poor". It is interesting to note that schools in Pennsylvania have always been free, but not always compulsory; districts have conformed to political subdivisions, and the concentration of all the most essential powers existed in elected local school boards. Further, the commonwealth has never limited schools to the elementary branches but included high school and even encouraged universities.

### State aid distribution

State appropriations in 1835 were distributed through the county treasurer on the basis of the number of taxable inhabitants and the money, in turn, distributed by the county treasurers to the different districts in proportion to their taxables. For a period of 63 years, distribution was made on this formula. During those years, superintendents constantly screamed that this method was not equitable because it favored more populace centers and wealthy counties, disregarding the number of children. In 1863 the Appropriations Act provided distribution based on the number of children attending a school. However, this proved so difficult that no distribution was made for one year until the Legislature reconvened and restored the old basis.

In 1897 a new basis for disbursing state aid was made calling for distribution on the basis of one-third for the number of children ages 6-16, one-third for the number of taxables, and

one-third for the number of teachers. This marked the first time an attempt was made to recognize that the cost of education had direct relationship to the number of pupils and the number of teachers required.

The first legislation was enacted establishing a minimum salary for teachers in 1903 — \$35 per month. In 1907, minimums were increased to \$40 a month for teachers with provisional certificates. Those with higher certificates and two years experience received \$50 a month. In an act passed in 1911, (the foundation of our present code), "taxables" were eliminated from the formula. The Woodruff Salary Act of 1919 introduced into the formula a variable scale of reimbursements based on classifications of certificates.

Pennsylvania made substantial progress in its program of financing education in this period from 1831 to 1921 but, at this point of time, the educational philosophies that were beginning to have the greatest influence on the methods of school funding and control were forthcoming from the Teachers College of Columbia University in New York. The problems and issues of state school financing at the turn of the century and since, have been interwoven with all the political, social, and economic issues as the nation evolved from a rural to an urban and suburban culture.

Early theorists were educators, not politicians, but the impact of their theories had considerable political impact. The basic concepts or theories that emerged then affected the Edmonds Act of 1921, the basis of the present code and had deeper and more equitable considerations for regard to taxable wealth.

The central theme of state school finance theory in the United States originated at Columbia University Teachers College at the beginning of the 20th century. George D. Strayer, Sr., and Ellwood P. Cubberley, two of the earliest professors in educational administration, both received their doctorates from Columbia. These two men, their students and students of their students have dominated the thinking on educational finance for the past seven decades.

Other theorists (too many to mention in this brief summary) have had direct influence on the formulation of state school finance policies. Paul R. Mort, another Columbia professor, worked on identifying state-assured minimum programs and financing. Edgar L. Morphet, University of California, William P. McLure, University of Illinois, and R. L. Johns, University of Florida, all had prior experience with state departments of education before becoming professors of education at various universities. Their contributions were primarily centered toward state school finance legislation and policies.

Pennsylvanian Thaddeus Stevens, who later achieved national prominence as a member of Congress, is credited with



saving the Free School Act of 1834 from repeal. As a member of the Pennsylvania Legislature he was a champion of the free school movement.

In 1905, Cubberley published the concepts that: the state should set minimum standards which could be exceeded by the local district; state financial sources should be used to equalize educational opportunities; the state should act to maintain as high a minimum as possible; and the state should provide leadership and encourage new local undertakings.

With these criteria, he completed a comprehensive study of state school financing and his principal findings were: state demands of minimum standards which cause unequal burdens and excessive burdens upon communities should be borne by, and equalized by, the state for the common good; a state school tax best equalizes the burdens; total enrollment, average membership, average daily attendance, and aggregate days attendance are each successive improvements over the census basis of reimbursement. However, the best single measure was the number of teachers used, he said.

#### Local support fundamental

Cubberley's influence stood unchallenged for about 20 years, and the similarity between his philosophies and the Edmonds Act is obvious. In 1921, Harlan Updegraff, University of Pennsylvania professor, made additions to Cubberley's model as follows: local support is fundamental and should provide the major support; districts should receive special grants for new "features" into schools; state aid should be in inverse proportion to the true value per teacher unit. (Today's aid ratio is a reciprocal fraction). Updegraff is best remembered for his introduction of the teacher unit, used for many years in most state-supported programs.

Strayer said in an early publication: "The state should insure equal educational facilities to every child within its borders at a uniform effort throughout the state in terms of the burden of taxation." This is to be done with uniform (statewide) assessments and millage levies. Mort, a Teachers College doctoral candidate in 1924, is responsible for the system of weighted elementary and high school pupil counts. He defined measures for determining the cost of minimum programs, and rationale for determining what part of the costs of a program should be borne by the district or by the state, and a rationale for determining local taxpaying ability. These concepts had a powerful influence on determining state support and opened the door to shared program funding (driver education, medical, vocational). Mort abhorred state control, believing it imposed

central bureaucratic control. His technology was all designed to maximize local control over educational decision-making.

Two of the foremost implementors of school financial philosophy of the latter day were Edgar Morphet and R. L. Johns who, individually or together, consulted in the development of appropriations legislation for education in over half of the states. They recognized the calculation of state support on the basic instructional salaries, transportation, current expenses, capital outlay, and debt service and advocated and are responsible for the creation of "efficient state agencies for determining the level of local assessed valuations of property" (State Tax Equalization Board). Lastly, William P. McLure, another recent theoretician, gave us the relationships of sparsity and density.

#### Historical factors

There were many historical factors that influenced the implementation of these philosophies from an economic standpoint. The impact of World War I accelerated the change to an industrial society and breakup of rural isolation. The Depression had a profound effect. In 1930, 82% of school revenue came from local sources — almost all from property tax, but during the Depression property taxes became unpayable. By 1940, state subsidies increased to 29.2% and to 39.8% by 1950.

World War II produced the need for new technologies and accelerated vocational skill training. With the following inflation and higher earning power of the work force there have been strong and growing trends to find tax sources more directly related to personal income, not property. Although both local and state aid increased greatly, from 1950 to 1965, it is most notable that the amount of state aid has more than quadrupled. An historical event that jarred the United States out of its complacent attitude toward education was the launch of the Russian Sputnik in 1957, which acted as a powerful stimulus for federal aid to improve schools for national defense.

With escalated federal spending for Vietnam and high tax rates to support national defense or other economic federal programs, there has been increased difficulty in obtaining added state revenues for public education. For the past 10 years, the majority of school revenue has been provided by the local tax base. There have been great campaigns nationwide to consolidate or merge districts into share-the-wealth plans to balance or better average the per capita wealth and educational opportunity. There also has been increased attempts to obtain revenues from nonproperty taxes on the local level (Act 511 taxes, etc.).

Historical trends indicate that in the future the proportion of school revenue derived from both state and federal sources will

continue to increase. History has also shown that educational controls do not necessarily have to follow the sources of revenue, but they usually do.

**REFERENCES:** James Pyle Wikersham, *A History of Education in Pennsylvania* (Lancaster, Pennsylvania: Inquirer Publishing Company, 1886); Department of Public Instruction, *One Hundred Years of Free Public Schools in Pennsylvania* (1934); The Committee of Fifteen, PSEA, *Education in Pennsylvania Today and Tomorrow* (PSEA, 1958); The Tax Institute Inc., *Financing Education in the Public Schools* — Symposium (Princeton Press, 1956); William B. Castetter, et al, *Guide to Apportionment and Control of Pennsylvania Public School Funds*, (Philadelphia: Suburban School Study Councils and South Penn School Study Council, 1970); Edgar B. Gumbert and Joel H. Spring, *The Superschool and the Superstate: American Education in the Twentieth Century, 1918-1970* (John Wiley & Sons, Inc., 1974); R.L. Johns, *State Financing of Education* (The National Conference of Professors of Educational Administration, 1966).

#### Summary

- Early education was placed in the hands of the church and remained largely sectarian until the late 1700s.
- The first mention of "free" or gratis schools appears in the notes of the 1789-90 convention which formed the Pennsylvania Constitution of 1790.
- In 1794, the General Assembly devised a plan for free schools for the poor, with one-fifth of the expense coming from the general fund of the state and the remainder from local sources.
- The Act of 1834 established a general system of education funding and created a more uniform statewide public school system.
- State appropriations were distributed through the county treasurer on the basis of the number of taxable inhabitants. For a period of 63 years, distribution was made on this formula.
- In 1897, a new basis was devised on the basis of one-third for the number of children ages 6-16, one-third for the number of taxables and one-third for the number of teachers.
- Early school financial theory evolved from educators around the turn of the century, primarily from professional educators at Columbia University Teachers College.
- Today's school financial programs are based primarily on a shared responsibility between local units of government and state government which attempt to equalize educational opportunities both in dollars and programs.
- Historical trends indicate that in the future the proportion of school revenue derived from both state and federal resources will increase.

- Also, there are growing trends to find tax resources for public education funding more directly related to personal income, not property.

#### **Selected historical dates in American and Pennsylvania public education**

- 1636** Harvard, first college in colonial America, was founded.
- 1639** First school supported by direct taxation of town inhabitants established in Dorchester, Mass.
- 1642** Massachusetts law empowered town officers to compel parents to teach their children to read.
- 1647** The Old Deluder Satan Act, first state law providing for public education, passed in Massachusetts Bay Colony.
- 1751** Benjamin Franklin opened his academy.
- 1778** Noah Webster Published The American Spelling Book.
- 1785** First state supported institution established at the University of Georgia.
- 1789** Massachusetts legislature authorized towns to create school committees, forerunner of school boards.
- 1817** First formal education for the handicapped (deaf).
- 1821** First public high school, English High School, founded in Boston.
- 1827** Massachusetts passed law requiring establishment of public high schools in larger communities.
- 1853** Oberlin College is first to admit women to formerly all-male institution.
- 1834** Act of 1834 (Free School Law) gave birth to Pennsylvania school boards, established an election procedure and provided the first machinery to distribute state funds.
- 1835** Thaddeus Stevens delivered famous speech on free school movement preserving attempt to alter or repeal Free School Act of 1834.
- 1836** First McGuffey Reader published.  
First high school in the Commonwealth chartered in Philadelphia Central High School.
- 1837** Horace Mann became chairman of Massachusetts Board of Education, the first state board of education.
- 1839** First teacher training institution established, Lexington, Massachusetts.
- 1851** Boston hired its first superintendent.

- 1852 Pennsylvania State Teachers Association organized.  
Massachusetts enacted first compulsory attendance law.
- 1854 Legislative Act of 1854 — created office of County Superintendent.  
Pennsylvania school directors term of office established at six years.
- 1855 First kindergarten opened at Watertown, Wisconsin, conducted entirely in German language.  
Farmer's High School in Centre County chartered, the origin of the Pennsylvania State University.  
School directors in Pennsylvania number over 7,000.
- 1862 Morrill Land-Grant College Act, donated lands to encourage establishment of land-grant institutions.
- 1866 First woman appointed to Central Board of Education in Philadelphia, Anne Hallowell.
- 1868 U. S. Office of Education placed within the Department of Interior.
- 1873 Department of Public Instruction established.
- 1874 Stuart vs. School District of Kalamazoo established right of school authorities to levy taxes for the support of public schools.
- 1882 First woman, Mary E. Mumford, elected to Sectional School Board, Philadelphia 29th Ward.
- 1890 Second Morrill Act provided federal funds for predominately black colleges.
- 1895 Governor Hastings signed Compulsory Education Law.  
Pennsylvania School Boards Association formally organized, first school boards association in the nation.
- 1896 PSBA met for its first statewide convention in Harrisburg with 153 delegates from 39 counties attending.  
Plessy vs. Ferguson; U. S. Supreme Court permitted racially separate but equal schools.
- 1903 Act 118 mandated \$35 a month minimum salary for teachers.
- 1908 First joint school formed (Tredyffrin-Easttown, Chester Co.) is formed in Pennsylvania.
- 1911 General Assembly adopted new Public School Code.
- 1913 Showalter Act set up statewide vocational programs in agriculture, trade, and industrial education and home economics.
- 1915 Workmen's Compensation Act passed.  
Child Labor Law passed requiring minors between 14 and 16 to attend school for a certain number of hours per week.

- 1917 Pennsylvania Public School Employees' Retirement Fund established.
- Smith-Hughes Act provided federal aid to states for vocational education.
- 1920 Smith-Bankhead Act provided funds for vocational rehabilitation for veterans.
- 1925 Scope Trial tested the teaching of evolution in public schools.
- 1936 Federal school lunch programs started.
- 1937 Preston O. Van Ness elected first full-time PSBA executive director.
- Philadelphia was first municipality to enter into bilateral agreements with labor organizations for public employees.
- Teacher tenure law passed in Pennsylvania.
- Sabbatical leave law for teachers was passed.
- 1938 First television used in classroom.
- 1939 Act 56 (PA) provided that school boards may join PSBA and allowed for membership dues.
- 1940 National School Boards Association organized, Pennsylvania one of founding organizations.
- 1944 GI Bill signed — gave veterans opportunity for education at government expense.
- 1947 School district reorganization was mandated by the General Assembly.
- State Public School Building Authority created.
- 1949 Public School Code revised (Act 14).
- 1950 Congress provided funds for operation and maintenance of schools in federally affected areas.
- 1952 Congress required Commission of Education to publish list of nationally recognized accrediting agencies.
- 1953 Department of HEW is created; Office of Education is made a constituent unit.
- 1954 Appointment of National Advisory Council on Education.
- Brown vs. Board of Education of Topeka; Supreme Court outlawed racial segregation in public schools.
- 1956 Library Service Act established 5-year grant program to extend library services to rural areas.
- 1958 National Defense Education Act authorized federal aid to all levels of education.



1959 PSBA moved to new offices at 410 N. Third St., Harrisburg. John J. Hertz became second PSBA executive director.

1961 Act 557 (PA) became law, providing for establishment of area technical schools.

1962 Manpower: Development and Training Act, part B, authorized Office of Education to assist in retraining program.

Congress authorized grant to aid educational television.

1963 School District of Abington Township vs. Schempp; Supreme Court ruled unconstitutional laws requiring prayer recitation in public schools.

Creation, establishment and operation of community colleges authorized in Pennsylvania.

Act 94 (PA) did away with State Council of Education and established a State Board of Education, a 17-member board appointed by the governor.

Act 299 (PA), school reorganization law, was passed. More than 2,500 school districts existed at the time. Board membership was set at nine.

1964 Congress passed Elementary and Secondary Education Act (ESEA) providing funds to improve education of special groups.

1965 Act 511 (PA), the local tax enabling law, was passed.

1968 New teacher salary subsidy bill (Act 96) passed which established new minimum and maximum pay schedules in Pennsylvania.

1969 Act 80 (PA) became law, providing for flexible school terms.

1969 Name of Department of Public Instruction changed to Department of Education.

1970 Serrano vs. Priest; California Supreme Court ruled that the quality of a child's education cannot be dependent on school district wealth.

Act 102 (PA) established 29 intermediate units and abolished the county superintendent office.

Act 195 (PA) established collective bargaining rights for teachers and other public employees.

Fred M. Hedding became third PSBA executive director.

1971 Pennsylvania Association for the Retarded vs. Commonwealth ruled that educational needs of mentally retarded may not be ignored.

Swann vs. Charlotte-Mecklenburg, N.C.; Supreme Court ruled that busing of students may be ordered to achieve racial desegregation.

- PSBA purchased current offices at 412 N. Second St., Harrisburg.
- 1972 Wisconsin vs. Yoder; Supreme Court exempted Amish from compulsory attendance based on First Amendment grounds.
- Act 138 (PA) lowered membership on school boards to 18 years of age.
- Act 185 (PA) established a debt limit for local governmental units including school districts provided the limit may be exceeded by referendum.
- Act 372 (PA) required transportation of nonpublic students up to 10 miles outside the district's boundaries.
- Acts 194 and 195 (PA) provided aid to nonpublic school students in the form of auxiliary services and textbook loans through the intermediate units.
- 1973 Act 34 (PA) provided a ceiling on school building construction unless a referendum authorized higher.
- Act 111 (PA) created a Professional Standards and Practices Commission which established that professional educators make up a state agency to advance recommendations on teacher certification and qualifications.
- 1974 Act 1 (PA) established that superintendents could be given three, four or five year contracts instead of having all contracts due each four years in all school districts.
- Act 17 (PA) provided all school board meetings to be open to the public and restricted executive sessions to certain length in time and subject matter.
- 1975 Act 96 (PA) Public School Employees' Retirement Code recodified and added further benefits.
- Revised Pennsylvania School Code (HB 770) was introduced in the House of Representatives, first attempt to revise school laws since 1949.
- 1976 PSBA Executive Board authorized purchase of property adjoining present offices and approved construction of an addition.



## ***Overview of school finances***

*A brief review of school budgets and comparative factors influencing local and state reimbursements in support of education.*

Pennsylvania school boards, except in Philadelphia, have fiscal autonomy with the responsibility and power to levy taxes necessary to support school budgets. This chapter will cover in a general manner the concept of financing local school districts.

### **Equal sharing**

Under the Pennsylvania design of financial support for public education, there exists a state commitment to support 50% of the cost of instruction from statewide revenue sources. Local revenue sources, through taxes levied locally, are expected to support the remaining 50% of the cost of instruction and to defray other items not included in the cost of instruction and not subsidized from state revenues. Federal funds, which represent some 8% of public education costs nationwide, provide additional monies to most school districts and the state.

The school budget has frequently been called a road map to the future programs and services of a school district. The budget — the financial plan for a fiscal year — provides school board members with the most direct opportunity to influence the character and substance of local school operations. With the consideration and adoption of a budget, local policy-makers give direction and guidance to operating school management on various factors that will profoundly affect future educational programs. Thus, school boards need adequate input from superintendents and other school management as budget planning and adoption proceeds.

#### 4 items represent 90% of cost

A review of school budgets finds many items in the budget are fixed expenses directly related to salaries, negotiated contracts and previous or current building programs. The majority of school budgets will reflect the following commitments:

	Percent	Dollars Statewide (1972-73)
Salaries and Wages	74.1%	2,150.2 million
Transportation	2.5	74.4
Plant	5.4	155.6
Debt Service	9.5	276.8
	95.5%	\$2,657.0

While the above percentage may vary somewhat with individual districts, the total of approximately 90% for these elements is not unusual. Only the remaining 10% of any given fiscal year budget allows for any degree of flexible decision-making once commitments have been made regarding personnel and building projects. These percentages, in their general context, should be kept in mind when considering future contract negotiations, the cost of fringe benefits, and long range debt service planning because of the effect they have on tax levies and school district income.

#### No deficit financing

A school budget is a fiscal plan of receipts and expenditures for a designated period of time referred to as a fiscal year — July 1 through June 30 in most cases. The budget has two major divisions: income (receipts) and expenditures (disbursements). School districts, and all other units of government under the Pennsylvania Constitution, cannot operate in deficit financing. Therefore, the income side of a budget must be sufficient to support the expenditures as indicated within the budget.

The income of a school district budget is made up of funds received from local taxes, state subsidies, or reimbursements in the form of direct payments. Federal funds may also be available depending upon the local district's ability to meet government established guidelines. The levying of local taxes is a major school board decision each year, generally made in the spring. Under Pennsylvania school law, school districts are required to adopt a final budget before the first day of the succeeding fiscal year. All school districts, except Scranton and Pittsburgh, operate on a fiscal year of July 1 through June 30. (School boards of school districts of the second class, upon two-thirds vote, may change their fiscal year to begin January 1.) This means that a final budget generally must be adopted by June 30. By law, the

proposed tentative budget, prior to final adoption, must be placed on file, advertised and available for public viewing for 30 days before final adoption. This means that a tentative budget must be developed no later than the end of May for most school districts or November 30 for those districts operating on a calendar year. Whether a board will increase or decrease various local taxes, or adjust other income sources under its control, depends upon approved budgeted expenditures and anticipated fluctuations in state reimbursements.

State reimbursements represent subsidies paid to local districts by applying the state aid ratio established for each district or by direct state payments paid for certain purposes on behalf of local school districts. (State reimbursements are discussed in more detail in Chapter Six.)

#### State aid ratio

It is important that school board members have some concept of state aid ratio. The aid ratio is a four decimal fraction computed by the State Department of Education each year and provided to school districts, usually during the month of February, prior to budget development. The prime factors in the aid ratio that may bring about annual changes are local district market value of real property per pupil versus state market value per pupil, and the number of pupils in the Weighted Average Daily Membership (WADM).

A sharp increase in local market value per pupil will result in a decrease in the aid ratio. A rapid rise or fall in pupil enrollments will result in increasing or decreasing state aid in terms of pupil units and will also have an effect on the aid ratio. In a district where considerable community construction may take place, resulting in increased market value without comparative pupil increases, the district could expect a future drop in the state aid ratio and a probable decrease in state aid dollars. A comparative increase in market value and pupil enrollment, occurring simultaneously over a period of one or two years, will not have a great effect on state reimbursement, particularly as it relates to budgetary income.

It should be understood that a state aid ratio fraction of .5575, for example, does not mean that the district may necessarily receive 55.75% of its income from the state since not all expenditures in school budgets are supported by state funds. School board members should determine what programs in a given district are reimbursed, and what programs may be operating with little or no state aid. In other words, it is not improbable in a school district with a reimbursement fraction of .5575 to find that state funds on the receipt side of the budget

represent 40% or 45% of the district income. An example of a nonsupported item is a school transportation program where certain amounts expended are not reimbursed if local district transportation policies allow busing of students in excess of required state mandated distances.

#### State Tax Equalization Board

Local taxes on real estate are levied on individual property values generally determined by county assessors that are multiplied by the millage levied. (A mill equals .001.) Assessed values, as related to market values, may vary across the state from 15% to 20% upward to 40% and 50%. A district with a high ratio of assessed value to market value would be expected to be levying real estate millage at a lower rate than another district with low assessed valuation. Pennsylvania law requires that counties reassess every 10 years. The State Tax Equalization Board (STEB) computes statewide and district market values solely for the computation of the state aid ratio and subsidy purposes. These values should not be confused with the values established locally as a base for local tax purposes. Possible variations may occur because the state computes its aid ratio on market value whereas local districts levy taxes on assessed values.

While the present Pennsylvania design for the funding of public education involves approximately equal statewide sharing of the costs between taxes levied at the state level and taxes levied at the local level, other states have widely different arrangements for the sharing of such costs. According to 1975 data of the National Center for Education Statistics (USOE), support for public education in other states covers a wide range with almost full-funding, 92.7% state and 7.3% federal in Hawaii, which has only one school district serving its several islands. The lowest level of state support is in New Hampshire where the division is 9.4% state, 6.0% federal and 84.6% local. Also, Pennsylvania makes available to local school boards a much wider range of discretionary tax sources than most other states.

#### Summary

- Pennsylvania school boards, except in Philadelphia, have fiscal autonomy.
- The Pennsylvania design of public education funding is committed to an equal sharing of state and local revenue sources.
- Most school district budgets reflect a total of about 90% in salaries, transportation, plant and debt service.



- All school districts, except Scranton and Pittsburgh, operate on a fiscal year of July 1 through June 30. These two districts operate on a calendar year.
- Under the State Constitution, school districts cannot operate in deficit financing.
- Local taxes on real estate are levied on individual property values generally determined by county assessors.
- The State Tax Equalization Board (STEB) computes statewide and district market values solely for subsidy purposes.

## ***Local tax authority to support public education***

*A general background regarding the authorization and obligation of the state and local school boards to provide a financial base to support public education. Chapters Four and Five contain additional information on the State Constitution and tax support.*

Under Article III B, Section 14 of the Pennsylvania Constitution, the General Assembly is made responsible for the maintenance and support of a thorough and efficient system of public schools. The constitutional provisions of Article VIII, Section 1 relating to taxation, require that all taxes be uniform throughout the taxing unit. Money raised for the public schools cannot be used for the support of any sectarian school under Article III, Section 15 of the State Constitution.

### **School boards taxing powers**

The Legislature has delegated broad general powers of taxation to local boards of education under sections 507 and 3001 of the School Code. This is further reinforced by the broad general grant of power to school boards in Section 301 to administer the state's public schools. (When references in this handbook are made to the School Code, sections 101 to 2800 refer to the Public School Code proper. Sections 2800 and above refer to related laws affecting education.) Article IX, Section 10 of the State Constitution determines that local school districts are units of local government and thus are not branches of state government.

As noted in Chapter Two, the General Assembly in Pennsylvania has given to local school boards rather broad discretion in selecting the appropriate tax revenue sources that will support the local share of the cost of public education in a given school district. Contrasted with most other states, Pennsylvania is not so highly dependent upon local taxes levied upon real property as the principal support base for the public

schools. In recent years, combined property taxes statewide have yielded about 38% of the statewide support for public education, with state level support, some federal funds and other forms of taxes levied locally, providing about 62% of the remaining support needed.

Pennsylvania school districts may not have the broad tax discretion they could have, but they are much better off than most other states in the choices available regarding local tax revenue sources. The sources of revenue for supporting public education in Pennsylvania are pictured in Exhibit 3-A.

**EXHIBIT 3-A: General Fund Revenue of School Districts by Source of Funds (1970-71 to 1974-75)\***

	Total Revenue		LOCAL		STATE		FEDERAL	
	In millions	Amount	In millions	Percent	In millions	Percent	In millions	Percent
1970-71	\$2,277	\$1,174	51.5	\$ 994	43.7	\$109	4.8	
1971-72	2,585	1,292	50.0	1,155	44.7	138	5.3	
1972-73	2,811	1,371	48.8	1,240	44.1	201	7.1	
1973-74	2,956	1,501	50.8	1,290	43.6	165	5.6	
1974-75	3,237	1,615	49.9	1,447	44.7	176	5.4	

\* Source: *Our Schools Today*, Vol. 15, No. 7, Public School Financial Statistics Report, 1974-75, Pennsylvania Department of Education

Section 507 of the School Code under general powers and taxation states: "In order to establish, enlarge, equip, furnish, operate and maintain any schools or departments herein provided, or to pay any school indebtedness which any school district is required to pay, or to pay any indebtedness that may at any time hereafter be created by any school district, or to enable it to carry out any provisions of this act, the board of school directors in each school district is hereby vested with all the necessary authority and power annually to levy and collect, in the manner herein provided, the necessary taxes required, in addition to the annual state appropriation, and shall have, and be vested with, all necessary power and authority to comply with and carry out any and all provisions of this act."

#### Tax levies

From this all encompassing authorization, one must proceed to sections 672 and 672.1 of the School Code to obtain further detail regarding tax levies and limitations. Section 672 refers to

school districts of the second, third and fourth class. Philadelphia and Pittsburgh, which are classified as first class and first class A, have separate taxing limitations within the School Code. This section also designates the time period for the levy of taxes for the following fiscal year and states that these classes of school districts (all except Philadelphia and Pittsburgh) may levy a tax not to exceed 25 mills for school purposes on the assessed valuation of taxable real property within the district.

However, Section 672 has been amended to provide for an additional tax on real estate, **unlimited in amount**, to pay for salaries, building rentals, sinking fund charges connected with building projects and to pay for the amortization of a bond issue. The practical effect of this additional authorization is to remove any ceiling on the real estate tax rate when a board is raising money for justifiable school purposes under the law. Section 672 further authorizes that each district may also levy and collect a per capita tax annually in an amount not to exceed \$10 on each district resident or inhabitant over 18 years of age. (See also page 25 of this chapter for additional per capita tax authority.)

#### Districts crossing county lines

As a result of school district reorganization, Section 672.1 has been added to the School Code to clarify taxing authority when such reorganized districts cross county lines or cover more than one municipality. Probably the key statement in this section reads: "The total taxes levied on real estate within the school district in each county shall be subject to the limitation that the ratio which such total bears to the most recent valuation of the same properties by the State Tax Equalization Board (STEB), shall be uniform in all of the counties and the school district shall adjust its rate of taxation applicable to the portion of the district in each county to the extent necessary to achieve such **uniformity**."

Section 672.1 further discusses alternative methods of obtaining equalized taxes by using market values as determined by STEB. In any case, school directors may not exceed a tax rate of more than 75% of such market values in requiring uniformity throughout a district that crosses county lines.

With the rather broad variety of tax sources available to local school districts, which is described more fully later, school boards have considerable opportunity to fashion a tax program for a local school district that reflects the available tax resources in a given community. Despite these flexible choices, in recent years local school officials have been hard pressed to keep local tax revenues abreast of rapidly escalating costs.



### Tax rates and tax duplicates

Section 673 of the code requires that the rate of taxation on real property for any given year shall be fixed at a mill rate of property value. The taxing resolution must also express the rate of taxation in dollars and cents on each \$100 of assessed valuation of taxable property.

Sections 674 and 676 of the code cover property subject to tax in districts of the second, third and fourth class. Sections 675, 677 and 677.1 require proper city or county officials to provide for local school officials — before the first day of April in each year — a tax duplicate properly certified which reflects the latest adjusted valuations of all real estate, personal property, as well as a list of all residents or inhabitants for reference in the levying and billing of school taxes.

Section 677.1 relates to interim taxation where construction is not included on the tax duplicate. This section directs the assessing authority to provide an updated property value to the school district and property owner for major improvements made after September 1 of a given year. These interim updates of construction projects are then used for tax billings by the school district and are ordinarily referred to as interim taxes. Such interim taxes are subject to adjustment and final determination once a final market value has been established.

The tax duplicate, when issued to the tax collector, constitutes the warrant for the collection of all taxes levied and assessed on that duplicate. The normal length of time of a tax duplicate is one year. However, it remains in force until the complete settlement of all taxes listed on the duplicate. At the end of a given school year any unpaid taxes normally become delinquent effective May 1 for all school districts operating on a normal fiscal year and are usually turned over to a county treasurer for collection. Second, third and fourth class school districts may use some other means for the collection of delinquent property taxes.

The tax duplicate shall be turned over to the tax collector on or before the first day of July, that is, the first day of the tax year represented by the tax duplicate. Section 810 of the School Code states that the secretary of the school board will compute and enter the amount of school tax due from each taxpayer on the duplicate and will certify a copy of this tax duplicate to the school board and to the tax collector. This process should allow for proper checks and balances, as well as easy reconciliation of the total duplicate, for amounts collected and for any unpaid or delinquent taxes at the end of the school year. Under current procedures, it is not unusual for school districts and/or their tax collectors to have the tax duplicate and tax bills extended and balanced through computer facilities.

### Taxable property

Article XXX of the School Code, in Section 3001 through Section 3028 of related law, covers in explicit detail the subjects of taxation, exemptions, limitations, valuations, appeals, advertising of tax ordinances, audits, penalties and the sale of taxable property. These sections are too voluminous to completely cover in this publication. However, it is important to know that these sections of related law do provide the background on definitions of real estate, including such items as mobile homes, vacant ground and all real estate which is not exempted by law, such as are churches, burial grounds, hospitals, colleges, park land, public school buildings, public libraries, etc. Also, these sections have led to many complicated court cases and decisions which have further defined the treatment of manufacturing enterprises and the treatment of machinery, tools and equipment for tax purposes.

Because of the many appeals that can occur as a result of reassessment and the variables of ratio of assessment to market value, it is not unreasonable to assume that future legislation may reflect a trend toward the elimination of assessments, thereby relying on market values as a base for real estate tax levies. Legislation has been proposed in successive sessions of the General Assembly that would eliminate assessment ratios, thus providing a statewide, uniform method of setting taxable values. Such action would allow real estate taxes to be based on market value figures similar to figures provided by the State Tax Equalization Board, whose valuation is used in determining school district's aid ratio. Although STEB's market value may have a disparity, or lag, of two or three years between the figures used to compute an aid ratio versus a current year tax duplicate, the taxing base would be similar.

### National view of property tax

Dr. Roger A. Freeman, noted economist from Hoover Institute, Stanford University, addressed the 1972 PSBA State Conference in Philadelphia about the national and state problems of taxation. Some of the data he cited were included in an article that appeared in the September-October 1972 issue of the *PSBA Bulletin*.

In his address and article Dr. Freeman depicts the national picture of property taxes in the state and local tax setting as well as the national trend of all taxes over several decades (Exhibit 3-B and 3-C on page 24.)

In his remarks, he commented on the probable effect of replacing nationwide the local school property tax. Said Dr. Freeman: "But supposing the local school property tax were to be

### EXHIBIT 3-B: The Property Tax in the State and Local Tax Picture in 1971

	Collections in 12 months ended December 1971 in millions	
Property taxes	\$ 54,290	37%
Individual Income taxes	22,775	15
General Sales & gross receipts taxes	30,033	21
All other taxes	39,897	27
<b>Total</b>	<b>\$146,995</b>	<b>100%</b>

Source: U.S. Bureau of the Census, "Quarterly Summary of State and Local Tax Revenue," October-December 1975, March 1976.

### EXHIBIT 3-C: Property Taxes and Other Taxes in the United States, 1902 to 1970

Fiscal Years	Property Taxes In millions	All other taxes & Govtl. Revenues	Property taxes as % of all taxes	Other Taxes and govtl. revenues As a percentage of GNP	All Taxes Property taxes as a % of natl. tangible wealth		
1902	\$ 706	\$ 987	42%	3.3%	4.7%	8.0%	.72%
1927	4,730	7,461	39	4.9	7.8	12.7	1.14
1940	4,430	13,374	25	4.7	14.1	18.8	1.04
1950	7,349	59,331	11	2.7	21.9	24.6	.71*
1960	16,407	136,697	10	3.3	27.6	30.9	.89
1970	34,054	299,756	10	3.6	31.4	35.0	.90**

\* 1948

\*\* 1968

Sources: U.S. Bureau of the Census, "Historical Statistics of Governmental Finances Employment," 1969. U.S. Bureau of the Census, "Governmental Finances in 1969-70," 1971. National Wealth Data from Raymond W. Goldsmith & Assoc. and Securities & Exchange Commission.

repealed, how could it be replaced? To the \$22 billion a year now raised by the local school property tax another \$6 to \$8 billion would have to be added to uplift low-income districts, for an annual total of about \$30 billion, which is more than all state income and sales taxes now produced. This means that state income and sales taxes would have to be doubled, which is politically a well-nigh impossible proposition."

#### Public tax notice

**Tax resolutions require public notice at least 30 days prior to the establishment of such tax. Notice shall be made at least once a week for three weeks in a newspaper of general circulation within the school district. Once passed, such tax will continue in force unless repealed or unless the rate of tax is subsequently changed. No tax levied for the first time shall go into effect until 30 days from the time of the adoption. Within this 30 day period, the right of appeal is provided through the county Court of Jurisdiction by 25 or more persons, or by taxpayers representing 25% or more of the total valuation of real estate within the school district. Such appeals must set forth the basis for objections to the tax.**

#### Other sources — "Tax Anything Law"

School districts have tax sources other than real estate from which they may obtain funds to support education. Authorization for additional taxes was given in Act 511 (1965), the so-called "Tax Anything Law". Under this act the General Assembly conferred broad taxing powers to second, third and fourth class school districts. These additional taxes are covered in Section 3001 of related law which authorizes the levying of earned income, occupation taxes and per capita or other head taxes. Section 3013 itemizes the limitations of each of these various taxes. Overall, the various levies under Act 511 cannot exceed the product of 12 mills times the market value of taxable real property in any given fiscal year. **In districts of the third and fourth class where 100 or more new homes are constructed during the year, the real estate transfer tax can be excluded in determining the overall limitations of Act 511.**

Whenever two political subdivisions (school district and municipality) impose any one of the taxes authorized under Act 511, the tax may be divided equally, or as agreed upon by the school district and municipality, between the subdivisions within the established limitations. **However, each is entitled to command one-half of this limitation. (See chart next page)**

### Act 511 limitations

The following is a list of Act 511 taxes and their limitations. The few exceptions to these taxes are limited to the cities of Philadelphia and Pittsburgh and cities of the second class.

<u>Tax</u>	<u>Limit</u>
1. Per capita/head tax*	\$10
2a. Gross receipts tax on wholesalers	1 mill
2b. Gross receipts of retailers and restaurants	1 1/2 mills
3. Wages, salaries or other earned income	1%
4. Retail sales of tangible personal property	2%
5. Real estate transfer	1%
6. Amusement tax	10%
7a. Occupation tax -- not using millage or percentage	\$10
7b. Occupation tax -- millage	Unlimited
8. Occupational privilege tax	\$10

*\*See also page 25 for additional per capita tax authority.*

### Tax payments

Certain options are provided for the payment of taxes imposed by any taxing district under sections 3038 and 3039 of the related laws section of the code. Discounts are provided on taxes imposed by a taxing district at the rate of 2% annually so long as the entire amount is paid within two months of the tax notice date.

Also, any taxing districts, either by ordinance or resolution, may allow for the payment of taxes in not more than four installments. The taxing district sets the number of installments and dates when the various installments become due and delinquent. Act 118, passed in 1975, allows for written notice to employers regarding delinquent taxes of employees. No abatement or discount is allowed on taxes paid on installment.

### **State fiscal control**

This chapter has dealt with the legal background that provides authorization to school boards for the levying of taxes. The state has also made provisions for the control of school financial operations by requiring local districts to prepare annual budgets and to submit annual reports through the auditor general's office which performs state audits. Such controls are provided for effective use of public funds and to ensure against misuse, mismanagement and misdirection in the expenditure of funds. The General Assembly has also established fiscal controls on indebtedness, tax rates and what and whom may be taxed. State agencies have established procedures for accounting, budgeting, audits and various financial statements. Both statutes and regulations govern the investment of funds, the accumulation of funds and restraints on expenditures for capital improvements.

### **Summary**

- Under the Pennsylvania Constitution, the General Assembly is responsible for the maintenance and support of public education.
- Further, the State Constitution determines that local school districts are units of local government and thus are not branches of state government.
- The Legislature in turn has delegated broad general powers of taxation to local school boards.
- Property taxes statewide yield about 38% of the total support for public education in Pennsylvania.
- Other state level support (such as sales taxes), some federal funds and other forms of locally levied taxes provide about 62% of the remaining support of public education.
- Act 511 conferred broad taxing powers to local school districts and provided other tax resources besides real estate to support education.
- The various levies under Act 511 cannot exceed the product of 12 mills times the market value of taxable real property in any given fiscal year.
- The state also provides for the control of school financial operations by requiring the preparation and submission of annual reports and budgets and the performance of state audits through the auditor general's office.



## **State taxes supporting public education**

*Pennsylvania utilizes a wide variety of tax sources at the state level which contribute to the state's share of public education costs.*

### **Primary sources**

Public schools receive funds from three primary sources — federal, state and local government. State revenue sources are reflected in taxes on corporations, consumption taxes (sales tax for education), an income tax, inheritance tax and real estate transfer taxes. All of these collections contribute to the state general fund. Some school programs are also supported out of dedicated taxes imposed at the state level.

### **Corporation taxes**

Corporation taxes are composed of different type levies and represent approximately 30% of the state's general fund income. The major producer of revenue is the corporate net income tax at a rate of 9.5%, one of the higher rates in the nation. Another major revenue producer is the capital stock-franchise tax. This is a tax levied on the actual value of capital stock at the rate of 10 mills. These two taxes represent the major general fund revenues from corporations.

Banks and insurance companies are exempt from the corporate net income and capital stock taxes. Instead, banks pay 15 mills on the stated value of each share of stock, and insurance companies pay 2% on the gross premiums collected.

Utilities (electric, gas, telephone, railroads, etc.) pay both the corporate net income tax and the capital stock-franchise tax. They also pay a 45 mill tax on intrastate gross receipts. The same utilities are exempt from local property taxes. They are subject to

a State Public Utility Property tax which is levied on the taxable value of real estate owned by the utility. This revenue is paid to the state, but is prorated to local taxing units, both municipalities and school districts, in accordance with Act 66 of 1970.

#### **Consumption taxes (Sales tax for education)**

The principal tax on consumers is the state sales tax. This tax, currently at the rate of 6%, is levied on practically all consumer goods, except consummable foods and clothing.

The tax was originally passed in 1953 at 1% (earmarked for education); raised to 3% in 1955; jumped twice in 1959 to 3½%, then 4%; went to 5% in 1963; and finally reached its present level of 6% in 1967. Since its enactment, the receipts have been used for other state purposes besides education. Other consummable taxes are levied on cigarettes, one of the highest in the nation, and alcoholic beverages.

#### **Personal income tax**

This tax is levied on wages and salaries, net profits, rents, royalties, dividends, interest, income from disposition of property, estates and trusts. The current rate is 2% and represents approximately one-third of the total state general fund revenue.

#### **Inheritance and real estate transfer taxes**

The inheritance tax and real estate transfer tax represent major sources of income, however, not in the same relationship as the corporate taxes, the sales tax and the income tax. Together, these two taxes represent approximately 5% of total state revenues.

#### **Motor license fund**

In addition to the general fund revenue taxes referred to above, school districts receive from the motor license fund monies to support driver education programs. Every school district that offers the standard driver education program, established under the Department of Education, receives \$35 for each student who completes the high school program. This authorization is contained in Section 2504.1 of the School Code.

#### **Cigarette tax supports nonpublic schools**

In 1972 the General Assembly passed acts 194 and 195 to provide certain financial support of nonpublic schools. Act 194 provides auxiliary services, such as health, psychological, reading, etc.; Act 195 provides monies for textbooks, instructional materials and equipment. Both acts are admin-



istered through the various intermediate units that receive funds from the state and are charged to allocate them to the nonpublic elementary and secondary schools within their unit. Funds to support the nonpublic schools services comes from an increase in the cigarette tax passed at the time those services were authorized by law. Also, the United States Supreme Court ruled in 1975 that only the provisions of Act 195 dealing with textbooks were constitutional.

#### STEB and taxing authority

No writing on the state taxing authority would be complete without some reference made to the function of the State Tax Equalization Board (STEB) and its relationship to school subsidies.

As stated previously, the State Constitution places "the maintenance and support of a thorough and efficient system of public schools" with the General Assembly. Since the original passage of the Public School Act in 1834, the state has wrestled with the problem of how to equalize its support of public education. Many, many laws have been passed, with later amendments, designed to meet the particular challenges of a given period. Input from the best known names in educational philosophy and finance (mentioned in Chapter One) was received.

Recognizing the need for some type of equalization factor which would reflect a greater contribution to the poorer school districts and lesser aid to more wealthy districts, the General Assembly established the State Tax Equalization Board by Act 447 (1947). (See Section 2851 of the School Code.) It should be noted that real estate taxes in years prior to this action were the major, and often the sole, source of income. STEB was established to provide a reliable state base from which state subsidy payments could be determined. Its function is: "To convert aggregate tax assessments in each school district which are determined by statewide dissimilar procedures into aggregate market values based on statewide uniform procedures."

Since its original inception, STEB's responsibilities have been broadened to include: (1) determining market value relationships for aid to local libraries; (2) determining limitations on real estate taxes in school districts located in more than one county; (3) determining tax limitations in financing community colleges; and (4) establishing overall limitations of tax revenues under the "Tax Anything Law" (Act 511 taxes).

STEB is also responsible for developing aggregate market values through the use of "assessment-sales ratio studies". Property value figures are obtained from county boards of assessment monthly sales of property. Eliminated from these

data are sales of tax-exempt properties and transfers of property at prices that are obviously not market value prices. Examples of the latter would be so-called "father-son" transactions, where title to property is passed at a nominal price, or where title may be passed from an owner to a nonprofit organization (not necessarily tax-exempt) at a price considered nominal compared to the actual market value of the property.

STEB takes these monthly sales data and compares the actual sales price of the normal transactions with the true value at which the property is listed by the county assessor. These data are accumulated over a period of five years for each county and for each school district within that county. Based upon these transactions — the actual sales price of properties that are sold in a given county and school district — STEB determines the relationship of the aggregate sales price to the aggregate market value for the properties that have been sold during the past two to five years, depending upon the date of the last assessment. The true market values for all taxable properties within given school districts, and counties, are then adjusted upward, or downward, depending upon the effect of this determination. This is done each odd year and becomes the new STEB market value base upon which state subsidy will be based.

It should be noted that this determination of statewide true market values by STEB has nothing whatsoever to do with the amount of money that will be made available statewide for subsidy purposes. This latter determination is made by the General Assembly through its appropriations process and by state administrative agencies based upon other considerations. However, should the change in true market value in a given school district exceed, or be less than, the statewide increase or decrease of the aggregate of all taxable properties in the state, then the ratio of market value of that district to the statewide market value will change. This change would then produce either a larger share (if the percentage ratio has decreased) or a smaller share (if the percentage ratio has increased) of the total statewide dollars available for subsidy purposes.

STEB furnishes its market value figures to the Department of Education each year. These data are used to compute the annual aid ratio for each school district. It is important to note, for example, that an aid ratio computed in the 1975-76 school year, to be applied against reimbursements payable in 1976-77, is based on a market value figure provided by STEB for the year 1974. If a particular school district has reason to question STEB's market value figures, hearings of both an informal and formal nature can be held in any appeal procedure.

# Pennsylvania State Tax System

(As of July 1, 1976)

This chart is taken from data finished by the Pennsylvania Chamber of Commerce and the Pennsylvania Department of Revenue. The yields shown were for the year ending June 30, 1972, and are shown to give relative importance to state tax incomes.

SUBJECT OF TAX AND CITATION INCLUDING PURDON'S PA. STATUTES (1)	MEASURE OF TAX	RATE OF TAX	YIELDS (1972)
<b>BUSINESS TAXES (2)</b>			
<b>General</b>			
Foreign Corporation Excise Act No. 2 of 1971 Act No. 105 of 1971 (72 P.S. 8001 to 8006)	Declared unconstitutional by Penna. Supreme Court 7/6/76.	One-third of 1% of value. (10)	\$ 3,378,968
Corporate Loans (3) Act. of 1935, P. L. 414 Acts of 1963, P. L. 299, 913 (72 P.S. 3250-10)	Nominal value of all bonds and other evidences of indebtedness held by residents of Penna. and issued, assumed, or on which interest is paid by any domestic business corporation or a foreign corporation with a resident fiscal officer.	4 Mills.	3,364,841
Capital Stock - Domestic Acts No. 2, 93 and 105 of 1971 Act. of 1970, P. L. 180 Act No. 142 of 1971 (72 P.S. 1893, 3385 and 7601 to 7606)	Actual value of whole capital stock. Apportionment based on relevant apportionment factors for corporate net income tax.	10 Mills.	119,872,935 (12)
Franchise - Foreign Cit. - Same as above.			89,537,810 (12)

**Corporate Net Income**

Acts No. 2, 93 and 75 of 1971  
 Act of 1970, P. L. 180  
 Act No. 142 of 1971  
 (72 P.S. 3385 and 7401 to 7412)

Taxable income as reported on Federal return (separate return basis), if all business done in Penna.; if not, income apportioned on ratio of real and tangible personal property, payroll and sales.

9.5%

475,743,911 (12)

**Corporation Income**

Acts No. 2, 93 and 105 of 1971  
 Act of 1970, P. L. 180  
 Act No. 142 of 1971  
 (72 P.S. 3385 and 7501 to 7506)

Taxable income as reported on Federal return (separate return basis), except income subject to Corp. Net Income Tax (above). Apportionment factors same as for Corporate Net Income Tax.

9.5%

4,261,085 (12)

**Unemployment Compensation**

Act of Dec. 5, 1936 (1937 P. L. 2897)  
 Act No. 108 of 1971  
 (43 P.S. 751 to 914)

First \$4,200 of wages paid to each employee during calendar year by employers of one or more employees.

0.3% to 4.0%, based upon experience rating, assessment for common costs and employer's reserve account.

190,578,598

**Special****Utilities' Gross Receipts**

Acts No. 2 and 93 of 1971  
 Act of 1970, P. L. 180  
 Act No. 142 of 1971  
 (72 P.S. 3385 and 8101)

Intrastate gross receipts of utilities taxed.

45 Mills.

171,516,520 (12)

**Public Utility Property**

Act No. 66 of 1970  
 Act No. 273 of 1970  
 (72 P.S. 3271 to 3278)

Taxable value of utility realty.

30 Mills. (11)

32,307,253

**Banks With Capital Stock**

Act No. 2 of 1971  
 (72 P.S. 7701 to 7702)

Actual value of each share of capital stock of state and national banks and savings institutions.

15 Mills.

32,906,557

<b>Thrift Institutions</b> (Banks etc. Without Capital Stock) (4) Act of 1964, P. L. 16 Act No. 179 of 1969 and Act No. 142 of 1971 (72 P.S. 1986.1 to 1986.6 and 3385)	Net income determined in accordance with accepted principles of accounting.	11.5%.	10,883,990 (12)
<b>Title Insurance and Trust Company Stock</b> Act No. 2 of 1971 (72 P.S. 7801)	Actual value of each share of capital stock. (7)	15 Mills.	12,729,453
<b>Gross Premiums Tax on Insurance Companies</b> Acts No. 2 and 105 of 1971 Act of 1970, P.L. 180 Act No. 142 of 1971 (72 P.S. 3385 and 7901 to 7904)	Gross premiums from business done in Penna.	2%.	74,367,939 (12)
<b>SALES AND USE TAX HOTEL OCCUPANCY TAX (5)</b> Acts No. 2, 93 and 105 of 1971 Act No. 66 of 1972 (72 P.S. 7201 to 7277)	a. Purchase price of each sale at retail. b. Purchase price of tangible personal property and services used in Pennsylvania. c. Amount of rent for occupancy of room or rooms, as defined.	Sales and Use: 6% on each dollar. Hotel Occupancy: 6%.	987,144,316
<b>PERSONAL INCOME TAX</b> Act No. 93 of 1971 Act No. 66 of 1972 (72 P.S. 7301 to 7360)	Classes of Income.	2.0%.	890,662,495

MOTOR VEHICLE AND FUELS TAX			
<b>Registration Fees</b> Act of 1959, P. L. 58 Act No. 39 of 1970 (75 P.S. 701 to 731)	Passenger cars and mass transit buses - flat fees. Other vehicles - weight, axles or seating capacity.	Motorcycles - \$12; passenger cars - \$24; station wagons - \$24; others vary - see next page.	169,723,542 (13)
<b>Gross Receipts on Motor Carriers</b> Act of 1931, P. L. 694 Act of 1959, P. L. 1628 (72 P.S. 2183 to 2191)	Gross receipts; allocations for interstate operations are made on mileage basis.	8 Mills.	545,937
<b>Liquid Fuels</b> Act of 1931, P. L. 149 Act No. 67 of 1972 (72 P.S. 2611a to 2611c)	Gallons of liquid fuel sold, used or delivered by distributors within state.	9¢ per gallon, motor vehicles, 1½¢ per gallon, piston aircraft, 1¢ per gallon jet aircraft.	396,148,917
<b>Fuel Use Tax</b> Act of 1952, P. L. 1965 Act No. 68 of 1972 (72 P.S. 2614.1 to 2614.24)	Gallons of fuels except "liquid fuels" as defined above, used in aircraft or in vehicles on public highways (chiefly diesel fuel).	Same as above.	(reported above)
<b>Motor Carriers Road Tax (6)</b> Act of 1964, P. L. 7 (72 P.S. 2617.1 to 2617.26)	Gallons of motor fuel used by motor carriers in operations on highways within the State.	9¢ per gallon. Credit allowed for tax paid on motor fuels purchased in Pennsylvania.	2,441,056
<b>Motor Fuels, Interstate Bus Compact</b> Act of 1963, P. L. 476 (72 P.S. 2616.1 to 2616.3)	Gallons of motor fuel used by buses in operation on highways in the State. (8)	9¢ per gallon. Credit allowed for tax paid on motor fuels purchased in Pennsylvania.	482,358
OTHER EXCISES			
<b>Malt or Brewed Beverages</b> Act of 1933, P. L. 284 Act of 1965, P. L. 64 (47 P.S. 103 to 120.3)	Volume of malt beverages manufactured and sold for use in Pennsylvania or imported.	2/3¢ per half pint; 1¢ per pint; \$2.48 per barrel.	24,397,332

<b>Spiruous and Vinous Liquors</b> Acts of 1933 (Spec. Sess.) P. L. 38, 91 (47 P.S. 745 to 767)	Volume of distilled spirits, rectified spirits or wines produced, manufactured, distilled, rectified or compounded in State and withdrawn from bond or prepared for sale or use; also volume of imports sold in state, (9)	\$1 per proof gallon on dis- tilled spirits; 30¢ per proof gallon on rectified spirits (\$1.30 on im- ports); ½¢ per unit of proof per wine gallon on wines.	10,072
<b>Liquor Store Sales</b> Act of 1936, P. L. 13 Act 413 of 1967 (47 P.S. 794 to 796)	Net price of all liquors sold by the Penna. Liquor Control Board.	18%.	71,433,122
<b>Cigarettes</b> Act No. 178 of 1970 (72 P.S. 3168)	Volume of sales, but tax is conclusively presumed to be a levy on the consumer.	\$.009 per cigarette.	222,620,042
<b>Realty Transfer</b> Act of 1951, P. L. 1742 Act of 1963, P. L. 1122, 1285 (72 P.S. 3283 to 3292)	Value of property represented by deed, instrument or writing.	1% of value.	40,502,147
<b>INHERITANCE &amp; ESTATE</b>			
Act of 1961, P. L. 373 Act No. 15 of 1971 (72 P.S. 2485-101 to 2485-1201)	Inheritance: value of property less specified deductions.  Estate: Same as under Federal law. Includes survivorship in joint tenancy.	Inheritance: 6% on direct heirs; 15% on collateral heirs.  Estate: Difference between inheritance tax and 80% credit allowed under Federal Estate Tax.	127,259,239
<b>MISCELLANEOUS TAXES</b>			
<b>Pari-Mutuel (Harness Racing)</b> Act of 1959, P. L. 1978 Act No. 5 of 1972 (15 P.S. 2601 to 2625)	Admission price; amount wagered; amount of breakage.	5% of admission price. 5.5% of amount wagered. 50% of amount of breakage.	9,078,950



<b>Pari-Mutuel (Thoroughbred Racing)</b> Act of 1967, P. L. 707 Act No. 86 of 1970 (15 P.S. 2651 to 2675)	Admission price; amount wagered; amount of breakage.	15% of admission price. 4% of amount wagered. 50% of breakage.	11,167,085
<b>Legal Documents</b> Act of 1830, P. L. 272 Act of 1947, P. L. 915 (72 P.S. 3171 to 3191)	Flat rate on recording of deeds and mortgages, issuance of certain official writs, etc.	Principal charges: For mortgages, deeds - 50¢; for writs, etc. - 25¢.	564,529

**Footnotes:**

1. First citation in each case is the original act imposing the existing tax. Subsequent acts cited give most recent amendments to original law.
2. Chart does not include the following business taxes, yields from which are relatively unimportant. All of these taxes are administered by the Department of Revenue.

**Tax and citation**

- (a) 3% tax on annual gross premiums of licensed excess insurance brokers (Act of 1966, P. L. 1509 [1965]; 40 P.S. 1006.11.)
- (b) 1% tax on annual gross receipts of private bankers (Act of 1861, P. L. 708; 72 P.S. 2221.)
- (c) 3% tax on annual net earnings of incorporated companies and limited partnerships not subject to the capital stock or franchise tax acts. (Act of 1889, P. L. 420; Act of 1970, P. L. 180; 72 P.S. 2241.)
- (d) 4% annual tax on amount of stock dividends declared by cooperative agricultural associations. (Act of 1945, P. L. 893; 72 P.S. 3420-21 to 3420-30.)
- (e) Tax (fee) on electric co-op corporations of \$10 per hundred members or fraction. (Act of 1937, P. L. 1969; 15 P.S. 12431.)
- (f) 5% tax on gross receipts, exclusive of federal taxes paid, from boxing and wrestling exhibitions. (Act of 1923, P. L. 710; Act of 1937, P. L. 1898; 4 P.S. 18.)

3. Not actually corporate tax, since it is on holders of corporate indebtedness. Tax is paid for owner by domestic company and by foreign company with resident fiscal officer and, except for "tax free" covenants, is collectible from owner by deduction from interest. Corporation shall exercise due diligence in identifying resident owner. Exempt owners: cooperative agricultural associations; banks and trust companies paying a shares tax; building and loan associations; corporations subject to the capital stock or franchise tax; life insurance companies; casualty or fire insurance companies having no capital stock; labor unions; and religious, charitable, etc., associations; and retirement plans whose investment income is exempt from the Federal income tax.

4. Institutions subject to this tax are exempt from all other State corporate taxes and all local taxes except taxes on real estate and transfers of real estate.

5. Official title is "Tax for Education."

6. Motor carriers are persons operating commercial motor vehicles (as defined in the Vehicle Code) having more than two axles or a truck-tractor (as defined in the Vehicle Code) having two or more axles.

7. Actual value of shares determined as of January 1. Actual value is ascertained by adding together the amount of capital stock paid in, the surplus and undivided profits, by adjusting this total to reflect actual values, and by dividing the amount so obtained by the number of shares. Bank or company shall pay the tax to the State from its general fund or from the amount of said tax collected from its shareholders. Shares held by charities, etc., are exempt. A partial tax credit allowed for expenditures approved under Act of 1967, P. L. 636, as amended (62 P.S. 2081). The tax is paid in two installments: 80% on April 15 of current year; remainder on April 15 of succeeding year.

8. Motor vehicles bearing registration plates of states not imposing a similar tax on Pennsylvania vehicles are exempt.

9. Exemptions include, among others, production for, sale to, or use by Pennsylvania Liquor Control Board.

10. Tax is paid only once on any given amount of capital.

11. This levy is in lieu of local taxes on utility realty. If the 30 mill rate is not sufficient to meet the sum of local assessments as reported in April 1971 and each year thereafter, an additional millage will be levied by the Dept. of Revenue.

12. Includes "accelerated" collections.

13. Includes fees from operators' licenses, certificates of title and various miscellaneous fees.



### Summary

- Corporation taxes represent about 30% of the state's general fund income.
- Two taxes — corporate net income and capital stock-franchise — are the major general fund revenues from corporations.
- The major tax on consumers is the 6% state sales tax, which was enacted in 1953 and earmarked as specific revenue for education. Since then it has been used for other state purposes.
- Another major levy is the personal income tax that represents about one-third of the total general fund. The current rate is 2% and the state's first income tax was passed in 1971.
- In 1972, the Legislature passed acts 194 and 195, providing certain financial support of nonpublic schools and administered through the 29 intermediate units.
- The State Tax Equalization Board (STEB) was established in 1947 to provide reliable state data, based on the actual sales price of properties, from which to distribute state subsidies.
- STEB's determination of statewide true market values has nothing to do with the amount of money that will be made available statewide for subsidy purposes. The latter determination is made by the General Assembly.
- STEB furnishes its market value figures to the Department of Education each year. These data are used to compute the annual aid ratio for each school district.

## **Federal funding**

*Education is fundamentally a local and state responsibility. It was not until the 20th century that the federal government began to play a major role in American education. This chapter deals briefly with the origination, purpose and growth of federal funding.*

Public education in the United States is a community responsibility and a state function, but over the years it has received increased federal interest. It was not until the 20th century that the federal government began to play a major role in American education. Prior to that time, it had limited influence over education in the states, primarily in higher education. The Seminary Act of 1802, one of the first federal laws, provided land grants to new states admitted to the union. However, original states were ineligible to receive this kind of assistance. Later, through the first Morrill Act (1862), each state was able to establish at least one land grant college. The second Morrill Act (1890) provided direct money grants to speed higher educational development. Thus the second Morrill Act was the first example of a continuing federal grant to education.

The "general welfare" clause (Article I, Section 8) of the United States Constitution — though a subject for much debate — has provided the legal route for various federal legislative acts. Congress has used its power through this clause in recent years to provide unprecedented aid to education. Today it is accepted that the federal government may participate in educational decision-making at the state level and, in some instances, even at local levels when federal funds allocated for special purposes are spent. Examples of this participation is the recent set of federal rules barring sex discrimination in schools and colleges and the federal regulations dealing with student records.

Consequently, whether directly or indirectly, the federal government has become involved in educational activities at the

state and local levels whenever it felt that the welfare of American society needed increased services or during times of international stress or national emergency.

#### **Federal impact funds**

During World War I the federal government became involved in vocational education. The Smith-Hughes Act, passed in 1917, began a federal support program for vocational education that continues today and was later supplemented by the George-Deen Act (1936). (Sections 2905 and 2906 of the code discuss both of these acts.) The Smith-Hughes Act was most significant because it extended the study of agriculture, home economics and other industrial subjects to the secondary level.

Following World War II, the federal government became involved in the problems attendant to enlarged and rapidly growing military installations and other federal activities.

In 1950, two federal assistance laws, P.L. 874 and P.L. 815, were passed. P.L. 874 was designated to provide assistance to school districts suffering financial difficulties as a result of sudden impacts caused by federal activities. Usually this impact was the result of a large number of children enrolling in a school district due to the establishment or growth of a nearby military base or the expansion of an industrial concern involved in federal construction work. Children from families whose breadwinners worked in veterans hospitals, or federally owned housing developments, were also included since no local tax revenues are generally obtained from these facilities. The support provided under P.L. 874 is on a formula basis determined by the number of affected children.

P.L. 815 provided funds for the construction of school buildings to house students coming into the district as a result of the same activities previously enumerated. The result of these activities provided large sums of money to certain school districts affected. Although the impact of these federal activities has greatly changed in recent years due to P.L. 93-380 (1974), P.L. 874 provides some \$11 million in federal funds statewide to compensate for the impact of federal facilities. Pennsylvania Act 381, enacted in December 1967, had some effect on impact aid funds. Section 1302 of the School Code now declares that all children residing on federal installations shall be counted as resident students for reimbursement purposes.

#### **NDEA begins**

With the launching of the Russian Sputnik, the tensions of the Cold War, and threatened national security, there was renewed federal interest in education. Following the pattern of



the Smith-Hughes Act and the Impact Aid Acts (P.L. 874 and P.L. 815), this interest took the form of additional categorical aid programs. The National Defense Education Act of 1958 (NDEA — P.L. 85-864) was designed to improve the teaching of science, mathematics and foreign languages at all school levels. Later, funds from this source were expanded to apply to history, geography, civics, English and reading. Much of this money was designated as matching funds. Other areas included funding for early childhood education, vocational and technical education, libraries, scholarships and teacher preparation.

#### **ESEA begins**

In 1962 Pennsylvania passed legislation to accept funds from federal sources to assist in financing a minimum foundation education program.

Public Law 89-10, better known as the Elementary and Secondary Education Act (ESEA), was passed in 1965 and provided general federal aid in an array of categories to school districts for all grades from first through twelfth. Revenues from this act are more commonly referred to as ESEA funds.

#### **ESEA carries five titles, as follows:**

**Title I:** Monies are provided to assist school districts that have families of low income. Grants were provided based on the number of children in low income groups multiplied by 50% of the state's average expenditure per share.

**Title II:** Funds are granted for school library materials, textbooks and other printed instructional materials.

**Title III:** Grants are provided for supplemental education services designated as "vitally needed". Usually this takes the form of funding for certain approved model school programs.

**Title IV:** Provides grants for research, demonstration of educational concepts and the printing or other dissemination of information relating to research projects. Funds are provided under this title to higher education and other nonprofit agencies, as well as to the public schools.

**Title V:** Grants monies primarily to state departments of education to assist, stimulate and strengthen their agencies.

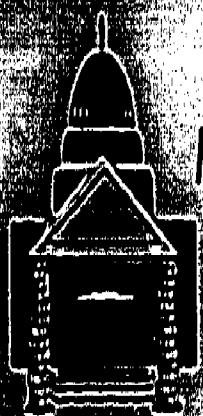
Most federal monies are channeled from the federal government to the state treasurer. The secretary of education makes application to the federal government on behalf of the state for those programs under state cognizance. Once received by the state under any of the above programs in the NDEA areas, the money, in turn, must be approved for projects at the local level.

There are exceptions to federal funding at the state level which allow the local school district to apply directly to the federal government or a federal agency for individual grants. Usually these are model or exceptional type programs. If approved, the federal funding is usually granted for one, two or three years on a diminishing base. (Both types of funding are reviewed in some detail in Exhibit 5-A at the end of this chapter.)

The purpose of much federal funding has been to stimulate education and/or provide research studies in the educational field with no intent for ongoing funding arrangements. Those advocates of increased federal funding generally argue that these funds should be on a permanent and increasing base to relieve state and local efforts. More recently, considerable discussion has taken place in the Congress and among state and federal public school leadership regarding the probable future consolidation of the large number of categorical grant programs into a few general grants, or into a general revenue sharing program for education.

#### Revenue sharing

General revenue sharing, enacted by the federal government in 1972, P.L. 92-512, does not provide for such a process for education. Rather, the general revenue sharing program as it now exists is aimed at units of general government. Both state governments and units of local government (cities, counties, boroughs, townships) are eligible for such revenue sharing funds. Under present law, school districts are not. However, state governments can expend their revenue sharing funds for educational purposes. In fact, Pennsylvania allocated \$56 million of state general revenue sharing funds for special education in 1975-76 as a one time expenditure of such funds.



## FEDERAL FUNDS

### EXHIBIT 5-A:

# Guide to OE-Administered Programs, Fiscal Year 1976

These programs and the Fiscal Year 1976 funds appropriated by Congress in support of them are listed on the following pages.

For easy reference, the programs are presented in categories or groupings that indicate whether they serve individuals or institutions and the nature of their support, for example, research or construction. Since the several phases of one program or activity may serve more than one category, a given program may be listed more than once.

The Office of Education's funding level for Fiscal Year 1976 is \$7,327,113,000. This amount excludes supplementals which are still pending. It does not include the FY 1976 appropriation of \$32.5 million for the assistant secretary for education and the \$70 million for the National Institute of Education, the other components of the HEW Education Division.

TYPE OF ASSISTANCE	AUTHORIZING LEGISLATION	PURPOSE	APPROPRIATION (dollars)	WHO MAY APPLY	WHERE TO APPLY
<b>GROUP I: TO INSTITUTIONS, AGENCIES, AND ORGANIZATIONS</b>					
<b>PART A—For Elementary and Secondary Education Programs</b>					
1. Bilingual education (OMB Cat. No. 134031)	Elementary and Secondary Education Act Title VII as amended	To develop and operate programs for children ages 3-12 who have limited English-speaking ability, to train bilingual education personnel, to improve bilingual education, and to develop curriculum materials	90,970,000	Local education agencies or institutions of higher education applying jointly with local education agencies	OE Grant Application Center



**TYPE OF ASSISTANCE****AUTHORIZING LEGISLATION****PURPOSE****APPROPRIATION (dollars)****WHO MAY APPLY****WHERE TO APPLY**

2. Community schools (OMB Cat. No. 13.563)

Education Amendments of 1974, Special Projects Act, Sec. 405

To assist State and local education agencies in establishing community schools, to train personnel to plan and operate community education programs

3,553,000

State and local education agencies, institutions of higher education

OE Bureau of Occupational and Adult Education

3. Dropout Prevention (OMB Cat. No. 13.571)

Elementary and Secondary Education Act, Title VIII, Sec. 807

To support demonstration projects involving the use of innovative methods, systems, materials, or programs in schools with a high percent of children from low income families

2,000,000

Local school districts

OE Grant Application Control Center

4. Education and the Arts (OMB Cat. No. 13.566)

Education Amendments of 1974, Special Projects Act, Sec. 409, Title IV

To encourage the establishment of arts education programs at the elementary and secondary levels

750,000

State and local education agencies

OE Arts and Humanities Staff Office of the Commissioner

5. Educational Innovation and Support (OMB Cat. No. 13.571)

Elementary and Secondary Education Act, Title IV-C

To improve leadership resources of State and local education agencies; to support innovative and exemplary projects, including nutrition and health services and dropout prevention

86,444,000

State education agencies

OE Division of State Assistance

6. Ethnic Heritage Studies (OMB Cat. No. 13.549)

Elementary and Secondary Education Act, Title IX

To develop intercultural understanding among individuals living in a pluralistic society; to promote mutual understanding among the various ethnic groups in the US

1,800,000

Public or private nonprofit education agencies, institutions, or organizations

OE Grant Application Control Center

7. Follow Through (OMB Cat. No. 13.433)

Community Services Act (P.L. 93-644), Title V

To extend into primary grades the educational gains made by deprived children in Head Start or similar preschool programs

59,000,000

Local education or other agencies nominated by State education agencies in accordance with OE criteria

OE Grant Application Control Center

8. Incentive grants (OMB Cat. No. 13.512)

Elementary and Secondary Education Act, Title I, Part B

To encourage greater State and local expenditures for education

16,538,000

State education agencies that exceed the national effort index

OE Division of Education for the Disadvantaged

9. Innovative and exemplary programs, supplementary centers (OMB Cat. No. 13.516)

Elementary and Secondary Education Act, Title III

To support innovative and exemplary projects

63,781,500<sup>2</sup>

State education agencies

OE Division of Supplementary Centers and Services

10. Indian education (OMB Cat. No. 13.534)	Indian Education Act (P.L. 92-318) Title IV, Part A	To provide supplemental programs meeting the special educational needs of Indian children enrolled in K-12	31,818,190 <sup>3</sup>	Local education agency and Indian-controlled schools on or near reservations	OE Grant Application Control Center
11. Indian education (OMB Cat. No. 13.551)	Indian Education Act (P.L. 92-318) Title IV, Part A (10% set aside)	To provide special elementary and secondary school programs meeting the special educational needs of Indian students	3,181,810	Nonlocal education agency schools on or near reservations; LEA's less than 3 years having a substantial Indian enrollment	OE Grant Application Control Center
12. Indian education (OMB Cat. No. 13.535)	Indian Education Act (P.L. 92-318) Title IV, Part B	To extend exemplary activities development of special programs improving educational opportunities for Indian children	13,500,000	Indian tribes, institutions, organizations; SEA; LEA; federally supported elementary and secondary schools for Indian children	OE Grant Application Control Center
13. Metric education (OMB Cat. No. 13.561)	Education Amendments of 1974, Special Projects Act, Sec. 403	To encourage education agencies to prepare students to use the metric system of measurement	2,090,000	State and local education agencies, institutions of higher education, public and private nonprofit agencies, organizations, and institutions	OE Bureau of Occupational and Adult Education
14. Programs for children in State institutions for the neglected and delinquent (OMB Cat. No. 13.431)	Elementary and Secondary Education Act, Title I	To improve the education of delinquent and neglected children in State institutions	27,459,444	Eligible State agencies	State education agencies
15. Programs for disadvantaged children (OMB Cat. No. 13.428)	Elementary and Secondary Education Act, Title I	To meet the educational needs of deprived children	1,607,845,446	Local school districts	State education agencies
16. Programs for migratory children (OMB Cat. No. 13.429)	Elementary and Secondary Education Act, Title I	To meet the educational needs of children of migratory farm workers	97,090,478	Local school districts	State education agencies
17. School library resources and instructional materials (OMB Cat. No. 13.480)	Elementary and Secondary Education Act, Title II	To help provide school library resources, textbooks, and other instructional materials	45,951,951	State education agencies	OE Office of Libraries and Learning Resources

# TYPE OF ASSISTANCE

# AUTHORIZING LEGISLATION

# PURPOSE

# APPROPRIATION (dollars)

# WHO MAY APPLY

# WHERE TO APPLY

18 Special assistance to refugee children from Cambodia and Vietnam (OMB Cat No 13 596)	Indochina Migration and Refugee Assistance Act of 1975 (P.L. 94-23)	To assist refugees from Cambodia and Vietnam	25 000 000 <sup>4</sup>	Only those who submitted applications prior to March 31, 1976	Information from OE Refugee Task Force
19 State administration of ESEA Title I programs (OMB Cat No 13 430)	Elementary and Secondary Education Act Title I	To strengthen administration of ESEA Title I	19 792 971	State education agencies	OE Division of Education for the Disadvantaged
20 Strengthening State education agencies (OMB Cat No 13 485 and 13 486)	Elementary and Secondary Education Act Title V A	To improve leadership resources of State education agencies	18 726 875 (includes Title V C)	State education agencies, combinations thereof, and public regional interstate commissions	OE Division of State Assistance
21 Right to Read (OMB Cat No 13 533)	Education Amendments of 1974 National Reading Improvement Program Title VII (P.L. 93-380) as amended (P.L. 94-194)	To provide facilitating services and resources to stimulate institutions, government agencies, and private organizations to improve and expand reading related activities	17 000 000	State and local education agencies, institutions of higher education, and other public and private nonprofit agencies	OE Grant Application Control Center
22 School health and nutrition services (OMB Cat No 13 523)	Elementary and Secondary Education Act Title VII, Sec 808	To support demonstration projects designed to improve nutrition and health services in public and private schools serving areas with high concentrations of children from low income families	950 000	Local education agencies (exceptional cases; private nonprofit education organizations)	OE Grant Application Control Center
23 School maintenance and operation (OMB Cat No 13 478)	School Assistance in Federally Affected Areas (P.L. 91-874)	To aid school districts on which Federal activities or major disasters have placed a financial burden	660 000 000	Local school districts	OE Division of School Assistance in Federally Affected Areas
24 Women's educational equity (OMB Cat No 13 565)	Education Amendments of 1974 Special Projects Act, Sec. 408	To carry out activities at all levels of education aimed at providing women's educational equity and to train personnel to conduct such activities	6 270 000	Public agencies and private nonprofit organizations	OE Women's Program Staff Office of the U.S. Commissioner of Education



## PART B—For Strengthening Organizational Resources

25 Alcohol and drug abuse education programs (OMB Cat. No. 13420)	Alcohol and Drug Abuse Education Act of 1974 (P.L. 93-422)	To organize and train alcohol and drug education leadership teams at State and local levels to provide technical assistance to these teams, and to develop programs and leadership to combat causes of alcohol and drug abuse	2 000 000	Institutions of higher education, State and local education agencies, public and private education or community agencies, institutions, and organizations	OE Division of Drug Education, Nutrition and Health Programs
26 Educational broadcasting facilities (OMB Cat. No. 13413)	Public Broadcasting Act of 1967 as amended	To aid in the acquisition and installation of broadcast equipment for educational radio and TV	12 500 000	Nonprofit agencies, public colleges, State broadcast agencies, and education agencies	OE Grant Application Center
27 Educational television programming (OMB Cat. No. 13541)	Education Amendments of 1974 Special Projects Act	To fund the development and dissemination of educational television programs	7 000 000	Nonprofit and profit-making agencies, State and local education agencies, colleges, universities, institutions, and organizations	OE Grant Application Center
28 Instructional equipment and minor remodeling (OMB Cat. No. 13483)	National Defense Education Act, Title III	To strengthen instruction of academic subjects in public schools	12 663 924	State education agencies	OE Office of Libraries and Learning Resources
29 Interlibrary cooperation (OMB Cat. No. 13465)	Library Services and Construction Act, Title III	To establish and operate cooperative networks of libraries	2 594 000	State library administrative agencies	OE Regional Offices
30 Library and Learning Resources (OMB Cat. No. 13570)	Elementary and Secondary Education Act, Title IV B	To help provide school library resources, textbooks and other instructional materials, instructional equipment and minor remodeling, testing, counseling and guidance services in elementary and secondary schools	68 665 000 <sup>5</sup>	State education agencies	OE Office of Libraries and Learning Resources
31 Library services (OMB Cat. No. 13464)	Library Services and Construction Act, Title I	To extend and improve public library services, institutional library services, and library services to physically handicapped persons	49 155 000	State library administrative agencies	OE Regional Offices

**TYPE OF ASSISTANCE****AUTHORIZING LEGISLATION****PURPOSE****APPROPRIATION (dollars)****WHO MAY APPLY****WHERE TO APPLY**

32 Projects in environmental education (OMB Cat. No. 13 522)

Environmental Education Act of 1970 (P.L. 91-516)

To develop environmental and ecological awareness and problem-solving skills through education programs conducted by formal and nonformal educational organizations and institutions

3 000 000

Colleges and universities, postsecondary schools, local and State education agencies, and other public and private nonprofit agencies, institutions and organizations

OE Grant Application Center

33 State administration of NDEA programs (OMB Cat. No. 13 483)

National Defense Education Act, Title III

To strengthen administration in State education agencies for supervisory and related services for NDEA programs in elementary and secondary schools

964 870

State education agencies

OE Office of Libraries and Learning Resources

34 Teacher Corps (OMB Cat. No. 13 489)

Education Professions Development Act, Part B-1

To strengthen the educational opportunities available to children in areas having concentrations of low-income families, to encourage colleges and universities to broaden their programs of teacher preparation, and to encourage institutions of higher education and local education agencies to improve programs of training and retraining for teachers and teacher aides

37 500 000

Institutions of higher education, local education agencies, and State education agencies

OE Teacher Corps Office

**PART C—For Postsecondary Education Programs**

35 Advanced institutional development (OMB Cat. No. 13 454)

Higher Education Act of 1965, Title III, as amended

To assist selected developing institutions enter the mainstream of higher education

\$8 000 000

Developing institutions with demonstrated progress

OE Division of Institution Development

36 Basic institutional development (OMB Cat. No. 13 454)

Higher Education Act of 1965, Title III

To provide partial support for cooperative arrangements between developing and established institutions

\$2 000 000 (includes 37)

Accredited colleges and universities in existence at least five years

OE Division of Institution Development

37 National teaching fellowships and professors emeriti (OMB Cat. No. 13 454)

Higher Education Act of 1965, Title III

To strengthen the teaching resources of developing institutions

(included in 36)

Colleges, universities, vocational, and proprietary schools

OE Division of Institution Development

38 College library resources (OMB Cat. No. 13 406)	Higher Education Act of 1965, Title II-A	To strengthen library resources of junior colleges, colleges, universities, and postsecondary vocational schools	9 975 000	Postsecondary institutions	OE Office of Libraries and Learning Resources
39 College work study (OMB Cat. No. 13 463)	Higher Education Act of 1965, Title IV C, as amended	To stimulate and promote the part-time employment of postsecondary students of great financial need	390 000 000	Colleges, universities, and vocational and proprietary schools	OE Division of Student Financial Aid
40 Cooperative education programs (OMB Cat. No. 13 510)	Higher Education Act of 1965, Title IV D, as amended	To support the planning and implementation of programs alternating periods of full-time study and full-time work	10 750 000	Colleges and universities	OE Division of Training Facilities
41 Cuban student loans (OMB Cat. No. 13 409)	Migration and Refugee Assistance Act	To provide a loan fund to aid Cuban refugee students	323 400 6	Colleges and universities	OE Division of Student Financial Aid
42 Educational opportunity centers (OMB Cat. No. 13 543)	Education Amendments of 1972, Title IV	To operate centers that provide assistance to low-income persons desiring to pursue a program of postsecondary education	3 000 000	Institutions of higher education and combinations of such institutions, public and private nonprofit agencies and organizations	OE Division of Student Financial Aid
43 Endowments to agriculture and mechanic arts colleges (OMB Cat. No. 13 453)	Bankhead-Jones and Morrill Nelson Acts	To support instruction in agriculture and mechanic arts in land-grant colleges	12 200 000	The 69 land-grant colleges	OE Division of Training Facilities
44 Indian education (OMB Cat. No. 13 535)	Indian Education Act Amendment (P.L. 93-380) Title IV, Part B	To provide Indian education personnel training	2 000 000	Institutions of higher education	OE Grant Application Center
45 Indian teacher training educational personnel development (OMB Cat. No. 13 546)	Education Professions Development Act Part D, Sec. 532	To prepare teachers of Indian children	270 000	Institutions of higher education and other public and private nonprofit agencies and organizations	OE Grant Application Center
46 National Direct Student Loan Program (OMB Cat. No. 13 471)	Higher Education Act of 1965, Title IV-E, as amended	To assist in setting up funds at institutions of higher education for the purpose of making low-interest loans to graduate and undergraduate students attending at least half-time	331 960 000	Colleges and universities	OE Division of Student Financial Aid



TYPE OF ASSISTANCE	AUTHORIZING LEGISLATION	PURPOSE	APPROPRIATION (dollars)	WHO MAY APPLY	WHERE TO APPLY
47 Postsecondary education innovation and reform (OMB Cat. No. 13 925)	Education Amendments of 1972	To aid postsecondary education in generating reforms in curriculum development, teaching, and administration	11,500,000	Postsecondary institutions and related organizations	Fund for the Improvement of Postsecondary Education (ASE)
48 State 1702 Commission Statewide Comprehensive Planning Grants Program (OMB Cat. No. 13 550)	Higher Education Act of 1965 as amended	To develop State-wide comprehensive planning for postsecondary education	3,500,000	State commissions	State Planning Commission Program
49 State student incentive grants (OMB Cat. No. 13 548)	Higher Education Act of 1965 Title IV	To encourage States to increase their appropriations for grants to needy students or to develop such grant programs where they do not exist (grants are on a matching 50-50 basis)	44,000,000	State education agencies	OE Division of Basic and Student Grants
50 Student special services (OMB Cat. No. 13 482)	Higher Education Amendments of 1968, Title I-A	To assist low-income and handicapped students to complete postsecondary education	23,000,000	Accredited institutions of higher learning or consortiums	HEW Regional Offices
51 Supplemental education opportunity grants (OMB Cat. No. 13 418)	Education Amendments of 1972	To assist students of exceptional financial need to pursue a postsecondary education	240,093,000	Institutions of higher education	OE Division of Student Financial Aid
52 Talent Search (OMB Cat. No. 13 488)	Higher Education Act of 1965, Title IV A, as amended	To assist in identifying and encouraging promising students to complete high school and pursue postsecondary education	6,000,000	Institutions of higher education and combinations of such institutions; public and private nonprofit agencies; and public and private organizations	HEW Regional Offices
53 Undergraduate instructional equipment (OMB Cat. No. 13 518)	Higher Education Act of 1965, Title VI-A	To improve undergraduate instruction	7,500,000	Institutions of higher education, including vocational and technical schools and hospital schools of nursing	OE Office of Libraries and Learning Resources

54	University community services programs (OMB Cat. No. 13 491)	Higher Education Act of 1965 Title I	To strengthen higher education capabilities in helping communities solve their problems	12,125,000	Colleges and universities	State agencies designated State plan OE Division Facilities
55	Upward Bound (OMB Cat. No. 13 492)	Higher Education Act of 1965 Title IV A, as amended	To generate skills and motivation for young people with low-income backgrounds and inadequate high school preparation	38,331,000	Accredited institutions of higher education and secondary or postsecondary schools capable of providing residential facilities	HEW Reg
56	Veterans cost of instruction (OMB Cat. No. 13 540)	Higher Education Act of 1965 Title X	To encourage recruitment and counseling of veterans by postsecondary education institutions	23,750,000	Postsecondary education institutions	OE Veterans

## PART D—For the Education of the Handicapped

57	Deaf blind centers (OMB Cat. No. 13 445)	Education of the Handicapped Act Title VI C (P.L. 91-230)	To provide specialized, intensive educational and therapeutic services to deaf-blind children and their families through regional centers	16,000,000	State education agencies, universities, medical centers, public or nonprofit agencies	OE Bureau of the Handicapped
58	Early education for handicapped children (OMB Cat. No. 13 444)	Education of the Handicapped Act Title VI C (P.L. 91-230)	To develop model preschool and early education programs for handicapped children	22,000,000	Public agencies and private nonprofit agencies	OE Bureau of the Handicapped
59	Gifted and talented children (OMB Cat. No. 13 562)	Education Amendments of 1974 Special Projects Act Sec. 404	To develop programs to meet special educational needs of gifted and talented children, to train teachers and leadership personnel to meet those needs	2,560,000	State and local education agencies, institutions of higher education, appropriate nonprofit institutions or agencies	OE Bureau of the Handicapped
60	Information and recruitment (OMB Cat. No. 13 452)	Education of the Handicapped Act Title VI D (P.L. 91-230)	To encourage the recruitment of educational personnel and the dissemination of information on educational opportunities for the handicapped	500,000	Public agencies and private nonprofit agencies and organizations	OE Bureau of the Handicapped
61	Media services and captioned film loan program—film (OMB Cat. No. 13 446)	Education of the Handicapped Act Title VI F	To advance the handicapped through film and other media, including a captioned film loan service for cultural and educational enrichment of the deaf	16,250,000 (includes 62.63 and 11.16)	State or local public agencies, schools, and organizations which serve the handicapped, their parents, employers or potential employers	OE Bureau of the Handicapped

TYPE OF ASSISTANCE	AUTHORIZING LEGISLATION	PURPOSE	APPROPRIATION (dollars)	WHO MAY APPLY	WHERE TO APPLY
62 Media services and captioned film loan program—renters (OMB Cat. No. 13-446)	Education of the Handicapped Act Title VI F	To establish and operate a national center on educational media for the handicapped	(included in 61)	Institutions of higher education	OE Bureau of Education for the Handicapped
63 Media services and captioned film loan program—research (OMB Cat. No. 13-446)	Education of the Handicapped Act Title VI F	To contract for research in the use of educational and training films and other educational media for the handicapped and for production and distribution	(included in 61)	By invitation requests for proposals published in <i>Commerce Business Daily</i>	OE Bureau of Education for the Handicapped
64 Programs for children with specific learning disabilities (OMB Cat. No. 13-449)	Education for the Handicapped Act Title VI G	To provide for research training of personnel and establishment of model centers for the improvement of education of children with learning disabilities	5 000 000	Institutions of higher education, State and local education agencies and other public and private nonprofit agencies	OE Bureau of Education for the Handicapped
65 Programs for the handicapped aid to States (OMB Cat. No. 13-449)	Education of the Handicapped Act Title VI B	To strengthen educational and related services for handicapped children	100 000 000	State education agencies	OE Bureau of Education for the Handicapped
66 Programs for the handicapped in State supported schools (OMB Cat. No. 13-427)	Elementary and Secondary Education Act Title I	To strengthen programs for children in State supported schools	95 868 643	Eligible State agencies	OE Bureau of Education for the Handicapped
67 Personnel training for the education of the handicapped (OMB Cat. No. 13-451)	Education of the Handicapped Act Title VI D	To prepare and inform teachers and others who educate handicapped children	40 375 000 (includes 68)	State education agencies, colleges, universities, and other appropriate nonprofit agencies	OE Bureau of Education for the Handicapped
68 Training of physical education and recreation personnel for handicapped children (OMB Cat. No. 13-448)	Education of the Handicapped Act Title VI D	To train physical education and recreation personnel to work with the handicapped	(included in 67)	Institutions of higher education	OE Bureau of Education for the Handicapped

39 Regional education programs for the handicapped (OMB Cat. No. 13550)	Education of the Handicapped Act Part C Sec 516	To make grants or contracts with institutions for the development and operation of specially designed or modified programs of vocational technical postsecondary or adult education for deaf or other handicapped persons	2 000 000	Institutions of higher education junior and community colleges vocational and technical institutes	OE Bureau of Education for the Handicapped
40 Handicapped regional resource centers (OMB Cat. No. 13551)	Education of the Handicapped Act Title I	To establish regional resource centers which provide advice and technical services to educators for improving education of handicapped children	10 000 000	Institutions of higher education State education agencies or combinations of such including local education agencies	OE Bureau of Education for the Handicapped
41 Severely handicapped projects (OMB Cat. No. 13568)	Education of the Handicapped Act Part C Sec 624	To meet the educational and training needs of severely handicapped children and youths	3 250 000	State Departments of Education intermediate or local education agencies institutions of higher education public and nonprofit private agencies	OE Bureau of Education for the Handicapped
42 Supplementary educational centers and services guidance counseling and testing for the handicapped (OMB Cat. No. 13519)	Elementary and Secondary Education Act Title IV C	To assist in providing vitally needed educational services to support local innovative and exemplary projects and programs of guidance counseling and testing	14 000 000 <sup>8</sup> (15 percent set aside)	State education agencies	OE Bureau of Education for the Handicapped

## PART E--For the Support of Overseas Education Programs

43 Consultant services of foreign curriculum specialists (OMB Cat. No. 13439)	Mutual Educational and Cultural Exchange Act and Agricultural Trade Development and Assistance Act (P.L. 83 480)	To support visits by foreign consultants to improve and develop resources for foreign language and area studies	260 000 (plus foreign currency)	Colleges community colleges consortiums local and State education agencies nonprofit educational organizations	OE Division of International Education
44 Group projects abroad for non-Western language and area studies (OMB Cat. No. 13440)	Mutual Educational and Cultural Exchange Act and P.L. 83 480 (in excess foreign currency countries)	To improve programs and to train education personnel in international studies	784 000 (plus foreign currency)	Colleges universities consortiums local and State education agencies nonprofit educational organizations	OE Division of International Education

TYPE OF ASSISTANCE	AUTHORIZING LEGISLATION	PURPOSE	APPROPRIATION (dollars)	WHO MAY APPLY	WHERE TO APPLY
75 Foreign language and area studies centers (OMB Cat. No. 13435)	National Defense Education Act of 1958 Title VI	To provide financial assistance to institutions of higher education for the establishment and operation of centers for teaching any modern foreign language and area studies	8 435 000	Colleges and universities	OE Division of International Education

## PART F—For Occupational, Adult, Vocational, and Career Education

76 Adult education (OMB Cat. No. 13400)	Adult Education Act as amended	To provide adult basic education programs through 12th grade competency	67 500 000	State education agencies	OE Division of Adult Education through Regional Offices
77 Bilingual vocational training (OMB Cat. No. 13558)	Vocational Education Act of 1963 Part J as amended	To assist in conducting bilingual vocational training programs to insure that vocational training programs are available to all individuals who desire and need such training	2 800 000	State agencies local education agencies postsecondary educational institutions and other nonprofit organizations	OE Bureau of Occupational and Adult Education
78 Career education (OMB Cat. No. 13554)	Education Amendments of 1974 Special Projects Act	To demonstrate the most effective methods and techniques in career education and to develop exemplary career education methods	10 135 000	State and local education agencies institutions of higher education and other nonprofit organizations and agencies	OE Office of Career Education
79 Consumer and homemaking education (OMB Cat. No. 13494)	Vocational Education Act of 1963 Part F as amended	To assist States in conducting training programs in consumer and homemaking education especially in economically depressed or high unemployment areas	40 994 000	Local education agencies	State vocational education agencies
80 Cooperative education for vocational students (OMB Cat. No. 13495)	Vocational Education Act of 1963 Part G as amended	To assist the States in conducting vocational education programs designed to prepare students for employment through cooperative work-study arrangements	19 500 000	Local education agencies	State vocational education agencies



81	Indian education (OMB Cat No 13536)	Indian Education Act P.L. 92-318 Title IV Part C	To provide adult basic education and GED programs for Indian adults	4,000,000	Indian tribes, Indian organizations, SEA's, LEA's	OE Grant Application Control Center
82	Vocational education programs (OMB Cat No 13493)	Vocational Education Act of 1963 Part B as amended	To maintain, extend, and improve vocational education programs. To develop programs in new occupations	422,690,555	Local education agencies	State vocational education agencies
83	Vocational programs for persons with special needs (OMB Cat No 13499)	Vocational Education Act of 1963 Sec. 102(b) as amended	To provide vocational education programs for persons with academic, socioeconomic, or social handicaps which prevent them from succeeding in the regular program	20,000,000	Local education agencies	State vocational education agencies
84	Work study programs for vocational students (OMB Cat No 13501)	Vocational Education Act of 1963 Part H as amended	To provide work opportunities for full-time disadvantaged vocational education students	9,849,000	Local education agencies	State vocational education agencies

## PART G--For Desegregation Assistance

85	Desegregation assistance special programs and projects (OMB Cat No 13529)	Emergency School Aid Act Title VII (P.L. 92-318) as amended	To promote aid for community-based special programs and projects in support of school district desegregation plans	17,200,000	Public and private nonprofit organizations	HEW Regional Offices
86	Desegregation assistance basic grants to LEA's (OMB Cat No 13525)	Emergency School Aid Act Title VII (P.L. 92-318) as amended	To provide aid to desegregating school districts for educational programs	137,600,000	Local public schools	HEW Regional Offices
87	Desegregation assistance pilot programs (OMB Cat No 13526)	Emergency School Aid Act Title VII (P.L. 92-318) as amended	To help desegregating school districts provide special educational assistance to overcome minority group isolation	32,250,000	Local public school districts	HEW Regional Offices
88	Desegregation assistance bilingual programs (OMB Cat No 13528)	Emergency School Aid Act Title VII (P.L. 92-318) as amended	To help desegregating school districts provide bilingual/bicultural programs for children of limited English speaking ability	8,600,000	Local public school districts and private nonprofit organizations	HEW Regional Offices
89	Desegregation assistance educational TV (OMB Cat No 13530)	Emergency School Aid Act Title VII (P.L. 92-318) as amended	To develop and produce integrated children's educational television programs	6,450,000	Public or private nonprofit organizations, agencies, or institutions	OE Grant Application Control Center



TYPE OF ASSISTANCE	AUTHORIZING LEGISLATION	PURPOSE	APPROPRIATION (dollars)	WHO MAY APPLY	WHERE TO APPLY
90 Desegregation assistance special programs (OMB Cat No 13 532)	Emergency School Aid Act Title VII (P.L. 92 319) as amended	To support effort of special merit serving ESAA aims	10 750 000	Local public school districts public organizations for mathematics projects private nonprofit organizations	OE Grant Application Control Center
91 Desegregation assistance to local education agencies (OMB Cat No 13 405)	Civil Rights Act of 1964 Title IV	To aid school districts in hiring advisory specialists to train employees and provide technical assistance in matters related to desegregation on the basis of race color religion sex or national origin	26 700 000 (includes 92 and 93)	School districts	HEW Regional Offices
92 Desegregation assistance to teacher institutes (OMB Cat No 13 405)	Civil Rights Act of 1964 Title IV	To improve the ability of school personnel to deal with school desegregation problems and to identify eliminate and prevent sex discrimination in schools	(included in 91)	Colleges and universities	HEW Regional Offices
93 Desegregation assistance to general assistance centers and State education agencies (OMB Cat No 13 405)	Civil Rights Act of 1964 Title IV	To provide technical assistance for school desegregation and sex discrimination elimination activities as described in 91 also desegregation problems associated with non English speaking student populations	(included in 91)	Colleges universities and State education agencies	HEW Regional Offices of OE Grant Application Control Center

## GROUP II: TO INDIVIDUALS--FOR TEACHER AND OTHER PROFESSIONAL TRAINING, AND STUDENT ASSISTANCE

1 Basic educational opportunity grants (OMB Cat No 13 539)	Education Amendments of 1972	To provide financial assistance to postsecondary students at the undergraduate level	715 000 000 <sup>9</sup>	Postsecondary education students at eligible institutions	P.O. Box P Iowa City, IA 52240
2 Bilingual fellowships (OMB Cat No 13 403)	Elementary and Secondary Education Act Title VII, as amended	To increase the number of higher education teachers qualified to train others as elementary and secondary bilingual education teachers	4 000 000	Prospective graduate students	Participating institutions of higher education

3 College teacher graduate fellowships (OMB Cat No 13 407)	Higher Education Act of 1965 Title IX	To increase the number of qualified college teachers	1 000 000	Funds available only for those already enrolled in the program	Participating institutions (information from OE Division of Training and Facilities)
4 College work study (OMB Cat No 13 463)	Higher Education Act of 1965 Title IV C as amended	To stimulate and promote the part time employment of postsecondary students of great financial need	(see 1 39)	Graduate, undergraduate and vocational students enrolled at least half time in approved educational institutions	Participating institutions (information from OE Division of Student Financial Aid)
5 Cuban student loans (OMB Cat No 13 409)	Migration and Refugee Assistance Act	To provide loans to needy Cuban refugee students	(see 1 41)	Cubans who became refugees after January 1 1959	Participating institutions (information from OE Division of Student Financial Aid)
6 Direct student loans (OMB Cat No 13 471)	Higher Education Act of 1965 as amended Title IV E	To provide low interest loans to postsecondary students	(see 1 46)	Graduate and undergraduate students enrolled on at least a half time basis	Participating institutions (information from OE Division of Student Financial Aid)
7 Domestic mining and mineral and mineral fuel conservation fellowships (OMB Cat No 13 567)	Higher Education Act of 1965 Title IX Part D	To assist graduate students in advanced study in domestic mining and mineral and mineral fuel conservation including oil gas coal shale and uranium	3 000 000	Advanced degree candidates	Participating institutions (information from OE Division of Training and Facilities)
8 Educational development for educators from other countries	Mutual Educational and Cultural Exchange Act	To provide opportunity for educators to observe U.S. methods curriculum and organization at elementary secondary and higher education levels	operated on transfer funds from the Department of State	Educators from abroad (including administrators teacher trainers education ministry officials)	OE Division of International Education
9 Ellender fellowships	P L 92 506	To assist the Close Up Foundation of Washington DC carry out its program of increasing understanding of the Federal Government among secondary school students and the communities they represent	500 000	Economically disadvantaged secondary school students and secondary school teachers	The Close Up Foundation 1054 Thomas Jefferson Street N.W. Washington, DC 20007
10 Fellowships abroad for doctoral dissertation research in foreign language and area studies (OMB Cat No 13 441)	Mutual Educational and Cultural Exchange Act	To develop research knowledge and international studies capabilities	986 000	Prospective college and university teachers of language and area studies	Graduate dean of participating institutions (information from OE Division of International Education)

TYPE OF ASSISTANCE	AUTHORIZING LEGISLATION	PURPOSE	APPROPRIATION (dollars)	WHO MAY APPLY	WHERE TO APPLY
11. Fellowship opportunities abroad (OMB Cat. No. 11-418)	Mutual Educational and Cultural Exchange Act and P.L. 85-460 (in excess foreign currency countries)	To promote instruction in international studies through grants for graduate and faculty projects	640 000	Faculty in foreign languages and area studies	Institutions of higher education at which applicants are enrolled or employed (information from OE Division of International Education)
12. Foreign language and area studies fellowships (OMB Cat. No. 11-419)	National Defense Education Act of 1958, Title VI	To pay stipends to individuals undergoing training in any modern foreign language	3 990 000	Graduate students of languages	OE Division of International Education
13. Graduate student loan program (OMB Cat. No. 11-420)	Higher Education Act of 1965, Title IV B, as amended	To encourage private commercial institutions and organizations to make loans for educational purposes to postsecondary students	(private capital is used for these loans)	Students accepted for enrollment on at least a half-time basis in an eligible postsecondary educational institution	Private lenders
14. Indian professional and graduate students (OMB Cat. No. 11-421)	Indian Education Act Amendment (P.L. 93-380) Title IV, Part B	To assist Indian professional and graduate students in engineering, medicine, law, business, forestry, and related fields	500 000	Individual Indians	OE Grant Application Control Center
15. Librarianship training (OMB Cat. No. 11-422)	Higher Education Act of 1965, Title II B	To increase opportunities for training in librarianship	2 000 000	Prospective and/or experienced librarians and information specialists	Participating institutions (information from OE Office of Libraries and Learning Resources)
16. Media services for the handicapped (OMB Cat. No. 11-423)	Education of the Handicapped Act, Title VI F (P.L. 91-230)	To contract for training persons in the use of educational media for the handicapped	(see 161)	Persons who will use captioned film equipment	OE Bureau of Education for the Handicapped
17. National teaching fellowships and seminars (OMB Cat. No. 11-424)	Higher Education Act of 1965, Title III	To strengthen the teaching resources of developing institutions	(see 135)	Highly qualified graduate students or junior faculty members from established institutions and retired scholars	OE Division of Institutional Development

18 Public service career fellowships (OMB Cat. No. 13555)	Higher Education Act of 1965 Title IX Parts A and C	To prepare students for entrance into the service of State, local or Federal governments and to attract such students to the public service	4 000 000	Students who hold Bachelor's degrees and wish to pursue a public service career	Participating institutions (information from OE Division of Training and Facilities)
19 State student incentive grants (OMB Cat. No. 13549)	Higher Education Act Title IV	To encourage States to increase their appropriations for students or to develop such grant programs where they do not exist (grants are on a 50-50 matching funds basis)	(see 149)	Postsecondary education students	State education agencies (information from OE Division of Basic and State Student Grants)
20 Supplemental educational opportunity grants (OMB Cat. No. 13418)	Education Amendments of 1972	To assist students of exceptional financial need	(see 151)	Postsecondary education students	Participating educational institutions (information from OE Division of Student Financial Aid)
21 Teacher Corps project grants (OMB Cat. No. 13489)	Education Professions Development Act Part B	To improve equality of instruction available to disadvantaged children	(see 130)	Qualified undergraduate and graduate students	Participating institutions (information from OE Teacher Corps Office)
22 Teacher exchange (OMB Cat. No. 13433)	Mutual Educational and Cultural Exchange Act and P.L. 83-480	To promote international understanding and professional competence by exchange of teachers between the U.S. and foreign nations	operated on transfer funds from the Department of State	Elementary and secondary school teachers, college instructors	OE Division of International Education
23 Training of physical education and recreation personnel for handicapped children (OMB Cat. No. 13448)	Education of the Handicapped Act Title VI D (P.L. 91-230)	To train physical education and recreation personnel for the handicapped	(see 168)	Qualified individuals at undergraduate and graduate levels	Participating institutions (information from OE Bureau of Education for the Handicapped Division of Personnel Preparation)
24 Training teachers for the handicapped (OMB Cat. No. 13451)	Education of the Handicapped Act Title VI B (P.L. 91-230)	To improve the quality and increase the supply of educational personnel trained to work with handicapped children	(see 167)	Qualified individuals with varying levels of education	Participating institutions (information from OE Bureau of Education for the Handicapped Division of Personnel Preparation)
25 Vocational education personnel development awards (OMB Cat. No. 13503)	Higher Education Act of 1965 Title V as amended	To meet State needs for qualified vocational education personnel by making awards to educators and by making institutional awards to develop such programs	10 000 000	Current and prospective vocational educators	State vocational education agencies

TYPE OF ASSISTANCE	AUTHORIZING LEGISLATION	PURPOSE	APPROPRIATION (dollars)	WHO MAY APPLY	WHERE TO APPLY
25 Vocational education professional personnel development for States (OMB Cat. No. 13504)	Higher Education Act of 1965 Title IV as amended	To strengthen education programs authorized by the Vocational Education Amendments of 1968 and to improve the instruction and administration of vocational education at all levels	Included in 25	Professional personnel in vocational education	State vocational education agencies

### GROUP III: FOR RESEARCH

1 Consumer education (OMB Cat. No. 13564)	Education Amendments of 1974 Special Projects Act Sec. 407	To support research and development and pilot projects designed to provide consumer education to the public	3 135 000	State and local education agencies institutions of higher education public libraries public or private nonprofit organizations or agencies	OE Office of Consumer Education
2 Foreign language and area studies research (OMB Cat. No. 13436)	National Defense Education Act Title VI	To improve foreign language and area studies through support of research experimentation and development of specialized instructional materials and studies	875 000	Institutions of higher education State education agencies other educational and professional organizations	OE Division of International Education
3 Handicapped physical education and recreation research (OMB Cat. No. 13447)	Education of the Handicapped Act Title VI	To improve physical education and recreation programs for handicapped children through research and demonstration projects	(see III, 5)	Institutions of higher education State or local education agencies public or private educational or research agencies and organizations	OE Bureau of Education for the Handicapped
4 Library demonstrations (OMB Cat. No. 13475)	Higher Education Act of 1965 Title II	To promote library and information science research and demonstrations	1 000 000	Institutions of higher education and other public or private nonprofit agencies institutions and organizations	OE Office of Libraries and Learning Resources

5 Research and demonstration for handicapped (OMB Cat. No. 13443)	Education of the Handicapped Act Title VI C	To improve the education of handicapped children through research and demonstration projects	11 000 000	Institutions of higher education, State or local education agencies, public or private educational or research agencies and organizations	OE Bureau of Education for the Handicapped
6 Vocational education curriculum development (OMB Cat. No. 13495)	Vocational Education Act of 1963 as amended Part I	To develop standards and curriculums in all occupational fields and dissemination of materials for use in teaching occupational subjects	1 000 000	State and local education agencies, private institutions and organizations	OE Grant Application Control Center
7 Vocational education research (OMB Cat. No. 13498)	Vocational Education Act of 1963 as amended Sec. 131(a) of Part C	To conduct applied studies and developmental activities in vocational education	9 000 000	Education agencies, private institutions and organizations	OE Grant Application Control Center
8 Vocational education research meeting vocational needs of youth (OMB Cat. No. 13498)	Vocational Education Act of 1963 as amended Sec. 131(b) of Part C	To conduct applied studies and developmental activities in vocational education	9 000 000	State boards of vocational education	State education agencies
9 Vocational education research innovative projects (OMB Cat. No. 13502)	Vocational Education Act of 1963 as amended Part D	To develop, establish and operate exemplary and innovative projects to serve as models for vocational education programs	8 000 000	Education agencies, private institutions and organizations	OE Grant Application Control Center
10 Vocational education research relating school curriculums to careers (OMB Cat. No. 13502)	Vocational Education Act of 1963 as amended Part D	To stimulate the development of new methods for relating school work to occupational fields and public education to manpower agencies	8 000 000	State boards of education, local education agencies, public and private agencies and institutions	State education agencies

## GROUP IV: FOR CONSTRUCTION

1 Public schools (OMB Cat. No. 13477)	School Aid to Federally Impacted and Major Disaster Areas (P.L. 81-815)	Aid school districts in providing minimum school facilities in federally impacted and disaster areas	20 000 000	Local school districts	HEW Regional Offices
2 Vocational facilities (OMB Cat. No. 23012)	Appalachian Regional Development Act of 1965	Construct area vocational education facilities in the Appalachian region	24 000 000	State education agencies in the Appalachian region	OE Division of Vocational and Technical Education



## FOOTNOTES

1. Data on spending by number of students in the Office of Management and Budget Office of Federal Domestic Assistance.

2. 1950-1951 fiscal year.

3. Includes 1950-1951 fiscal year.

4. Total available funds for the program.

\$89,084,255 attributable to guidance, counseling, and testing is added as a result of the consolidation of Part B Title IV ESFA.

5. Transfer from other sources.

6. Administered by the Assistant Secretary for Education, another component of the Education Division.

7. For 1975, the average year individual awards ranged from \$200-\$1400.

## Summary

- Today it is accepted that the federal government may participate in educational decision-making at the state level and, in some instances, even at local levels when federal funds allocated for special purposes are spent.
- The "general welfare" clause (Article I, Section 8) of the United States Constitution — though a subject for much debate — has provided the legal route for various federal legislative acts.
- The Seminary Act of 1802, one of the first federal laws, provided land grants to new states admitted to the union. Two Morrill acts (1862 and 1890) established land grant colleges and direct financial grants to all the states.
- The Smith-Hughes Act, passed in 1917, began a federal support program for vocational education that continues today.
- Following World War II, the federal government became involved in the problems attendant to enlarged and rapidly growing military installations and other federal activities.
- With the launching of the Russian Sputnik in 1957, the tensions of the Cold War, and threatened national security, there was renewed federal interest in education.
- The National Defense Education Act of 1958 (NDEA — P.L. 85-864) was designed to improve the teaching of science, mathematics and foreign languages at all school levels. Later, funds from this source were expanded to apply to other subject areas.
- Most federal monies are channeled from the federal government to the state treasurer.\* The secretary of education makes application on behalf of the state.

- Some exceptions allow the local school district to apply directly to the federal government or a federal agency for individual grants.
  - The purpose of much federal funding has been to stimulate education and/or provide research studies in the educational field with no intent for ongoing funding arrangements.
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\* However, the General Assembly passed Act 117 of 1976 that calls for the State Legislature to review and approve federal money before further distribution to local units of government.

## ***State subsidies for public education***

*Pennsylvania's system of public education support relies on a state subsidy system which assures a minimum level of financial support to local school districts.*

### **Subsidy basis**

To understand the basis for state subsidy payments to local districts, one should first understand the philosophy that underlies Pennsylvania's plan for financing public education. The legal basis for this financing has been referred to in previous chapters as Article III, Section 14 of the Constitution which holds the General Assembly responsible for the maintenance and financial support of public education.

### **Philosophy of Pennsylvania foundation program**

State subsidy systems that support public education are generally termed "foundation programs". This term implies that a minimum level of support, and a minimum program of some nature, is assured. Pennsylvania has a foundation program which includes the following philosophies:

- A minimum level of education should be established for all children.
- A partnership responsibility exists between the state and local school districts to financially support education.
- Local school districts should be required to tax themselves at a reasonable level.
- Local school districts should pay the difference between what the state subsidy provides and the foundation program of the state.

- The state program should not be restrictive, allowing local districts to exceed minimums if they wish to tax additionally for additional education programs.
- The cost of instruction statewide should be borne equally by state level resources and local resources. Thus, state taxes should support one-half of the cost of instruction and local taxes should support the other half.

The foundation program implies clearly that the state will guarantee a minimum education program in conjunction with, or in partnership with, local districts. However, it was also recognized that fiscal support should have some relationship to the individual district's ability to pay. The determination of this relationship occurs through the market value of property established by the State Tax Equalization Board.

At this juncture it may be helpful to give some better insight into the significance of property market values as they relate to state and local support of public education. It has already been mentioned that property taxes, levied at the local school district level, support approximately 38% statewide of the cost of public education. This leaves 62% statewide to be borne out of other tax sources. Federal subsidies, defrayed out of federal taxes, support some 7% of statewide costs. The remaining 55% of statewide costs is supported by Act 511 taxes levied at the local school district level and other taxes levied at the state level as described in Chapter Four (Exhibit 4-A). Exhibit 6-A depicts in a summary form how these taxes are apportioned.

#### EXHIBIT 6-A: Sources of Funds for Public Education -- 1974-75

Federal subsidies and grants	\$ 301,342,723	8.3%
Sales tax, income tax, and other state level taxes	1,741,794,518	47.7
Act 511 taxes by local school taxes	226,144,402	6.2
Property taxes by local school districts	1,187,537,106	32.5
Other local taxes and miscellaneous sources of local revenue	194,690,417	5.3
Total amount of local, state and federal support	<u>\$3,651,509,166</u>	<u>100%</u>

Pennsylvania taxpayers in 1975 bore a per capita tax burden for state and local taxes combined of \$640.52. This was slightly less than the United States average per capita tax burden for state and local taxes of \$665.60. Based on data developed by the federal Advisory Commission on Intergovernmental Relations (ACIR), Pennsylvania taxpayers enjoyed the lowest per capita tax burden for state and local government purposes among the five mid-east states which are made up of New York, New Jersey, Pennsylvania, Delaware, and Maryland. Pennsylvania's per capita tax burden of \$640.52 compared with New York's high of \$1,008.79 and New Jersey's next lowest (to Pennsylvania) of \$714.07. These comparisons are shown in Exhibit 6-B.

EXHIBIT 6-B: Per Capita State-Local Tax Revenue

State and Region	Per Capita Tax Revenue			State Percent Related to U.S. Average (U.S. = 100.0)		
	1975 <sup>1</sup>	1953	Percent Increase	1975	1953	Percent Increase Or Decrease (=)
United States <sup>2</sup>	\$665.60	\$132.07	404.0	100.0	100.0	-
New England	715.37	151.05	373.6	107.5	114.4	-6.0
Maine	641.36	128.28	400.0	96.4	97.1	-0.7
New Hampshire	503.30	127.67	294.2	75.6	96.7	-21.8
Vermont	688.75	136.90	403.1	103.5	103.7	-0.2
Massachusetts	786.05	167.11	370.4	118.1	126.5	-6.6
Rhode Island	647.90	129.92	398.7	97.3	98.4	-1.1
Connecticut	687.92	141.27	387.0	103.4	107.0	-3.4
Mid-east	823.46	149.81	449.7	123.7	113.4	9.1
New York	1,008.79	184.52	446.7	151.6	139.7	8.5
New Jersey	714.07	141.60	404.3	107.3	107.2	0.1
Pennsylvania	640.52	113.32	465.3	96.2	85.8	12.1
Delaware	734.54	100.05	634.2	110.4	75.8	45.6
Maryland	739.85	120.91	511.9	111.2	91.5	21.5
Great Lakes	657.51	133.46	392.7	98.8	101.1	-2.3
Michigan	656.55	146.04	349.6	98.6	110.6	-10.8
Ohio	541.02	114.01	374.5	81.3	86.3	-5.8
Indiana	621.28	129.82	378.6	93.3	98.3	-5.1
Illinois	755.11	135.27	458.2	113.4	102.4	10.7
Wisconsin	737.14	155.82	373.1	110.7	118.0	-6.2

<sup>1</sup>Source: Significant Features of Fiscal Federalism 1976 Edition, Advisory Commission on Intergovernmental Relations, Washington, D.C., June 1976.



States base their foundation programs on a variety of measures. In some states, such as Maine, Maryland and Iowa, flat dollar grants of a specified amount are made by the state for each pupil. In other states, such as Alabama and Mississippi, the state foundation grant is based on a specified dollar amount for each teaching unit. In still other states, such as Kentucky and Minnesota, state grants are based upon weighted pupils. Under such an arrangement, various weighting may be given to elementary pupils, secondary pupils, and other categories of pupils.

Prior to the enactment of Act 96 in 1968 Pennsylvania based its subsidy payments by the state on teaching units at the local level. Under this procedure, 35 elementary students were considered a teaching unit for subsidy purposes and 22 secondary students were a teaching unit.

With the enactment of Act 96 the subsidy base was shifted so that subsidy would now be determined on a weighted pupil basis. Thus, in the current subsidy formula one finds the market value of property behind each weighted pupil as being the basis for determining state subsidy payments.

The determining relationship then is the aggregate market value of the state per weighted average daily membership (WADM) versus the local district's market value per weighted average daily membership. The WADM is arrived at in the following manner:

A. Kindergarten — half day	.50
B. Kindergarten — full day	1.00
C. Elementary	1.00
D. Secondary	2.36

In order for a district to arrive at its total WADM, the district is required to compute from its attendance records the total number of children in weighted average daily membership based on the designated values above. Under current law the state's contribution is based upon a maximum of \$750 for instructional expense per WADM. Thus, instructional costs above \$750 are borne entirely by local funds. In calculating a district's entitlement, the district is paid \$750, or the actual instructional expense, whichever is less, per student times the WADM times the district's aid ratio. The formula used to compute the aid ratio is as follows:

$$\left[ \frac{\text{Dist. MV / Pupil in WADM}}{\text{State MV / Pupil in WADM}} \right] \times .50 = \text{AR}$$

As designed, the Pennsylvania subsidy system may be termed a variable percentage equalizing formula that is intended to provide more funds to poor districts than to rich districts. It has proven to be one of the more realistic state foundation programs within the United States.

Under this plan, the real property wealth of the school district is determined by the true market value of property behind each pupil (or WADM) as calculated by STEB. Wealthy districts are guaranteed a minimum subsidy of 10% (0.10) for actual instructional cost per WADM, or 10% of \$750, whichever is less. Poor districts may receive as much as 100% of actual instructional cost per WADM, or 100% of \$750, whichever is less. (Note: Act 125 of 1974 changed this maximum. It was formerly 90% of instructional cost.) Additional subsidies are available to districts that qualify for density or sparsity factors as well as for poverty subsidies.

The aid ratio formula is intended to reflect a state portion of one-half the total statewide costs of instruction. As enrollments change, or as the market value changes, in any given district, the aid ratio will change thereby affecting the amount of funds received from the state.

#### Other sources of state financial support

In addition to the basic foundation program, the state provides additional funds in increasing numbers for special purposes. These funds are referred to as general purpose, special purpose, flat grants and equalizing grants. Examples of these various allocations of funds would be as follows:

1. Poverty payments — flat grant (general use).
2. Basic subsidy — equalizing grant (general purpose).
3. Density-Sparsity — equalizing grant in excess of basic subsidy.
4. School construction — equalizing grant (special purpose).
5. Transportation — equalizing grant (special purpose).
6. Homebound instruction — equalizing grant (special purpose).
7. Driver education — flat grant (special purpose).
8. Special education — flat grant (special purpose).
9. Health services — flat grant (special purpose).

There are additional funds allocated for other purposes, such as community colleges, payments in lieu of taxes, vocational education, driver education, etc. The above subsidies represent the major type of funds allocated at the state level.

### Subsidies based on verified data

In order to more clearly illustrate procedures for state reimbursement in the major areas, each type of reimbursement must be examined individually. The following illustrations provide a brief explanation and the method of computation when applying for state aid. Obviously, each type of subsidy requires the submission of information from a local district to the state. These data take the form of annual financial reports and balance sheets, attendance data and the submission of individual requests in many of the flat grant areas where preapproval, of one type or another, may be required. Examples are special education, budgets, transportation preapproval of bus driving rates, tuition computations, etc.

#### Basic subsidy

As stated previously, the State Legislature has established a reimbursement base of \$750 per pupil for instructional expenses. This figure, multiplied by the district's aid ratio, provides a sum to be multiplied by the WADM. Example:

$$\$750.00 \times .5500 \text{ (aid ratio)} = \$412.50$$

$$\$412.50 \times .7500 \text{ (WADM)} = \$3,093,750 \text{ (gross base subsidy for instructional purposes)}$$

If a district has such wealth that it is classified as receiving the minimum subsidy, its aid ratio is .10 and this means the district would receive 10% of the \$750 times the WADM of the district.

If the school district's instructional expense per WADM exceeds the \$750 legislative base, the subsidy is computed on the maximum subsidy base. Keep in mind this is **not** per pupil cost, but is **weighted membership** (not attendance) cost.

If the district's instructional cost per WADM is less than the \$750 reimbursable maximum, the district's aid ratio is applied to that lesser amount. The effect of this is to require local school districts to support out of local tax sources any excess in instructional cost beyond the maximum subsidy base provided under current law. It should be noted that the current statewide actual instructional expense per WADM, as determined and certified by the Department of Education for the school year 1974-75, was \$948.07 as this publication was prepared. This means that the average school district in Pennsylvania as of the 1975-76 school year was supporting out of local tax sources the difference between \$948.07 and \$750. No general subsidy for instructional costs was being provided by the state for this average difference of \$198.07.

Since the commonwealth provides \$750 for each student in WADM regardless of size of enrollment, the aid ratio takes on added importance as a multiplier in the basic instructional subsidy formula. It is a reciprocal measure of a district's wealth.

The statewide market value of real property per student in statewide WADM for 1974-75 was just over \$25,000. In comparison, some poorer districts in the state had market values of less than \$10,000 per student in WADM, and some wealthier districts about \$100,000 for that year.

Using the legislated \$750 instructional cost reimbursement base per student in WADM, and a WADM of 7500 as before, notice the impact on the total state subsidy as only the aid ratio multiplier is changed in each of the following examples to represent a poor, an average, and a wealthy district.

1. Poor District MV/WADM = \$10,000

Aid Ratio Computation:

$$1.0000 - \left[ \frac{(\$10,000)}{(\$25,000)} \times .5 \right] = \text{AR}$$

$$1.0000 - [ (.4000) \times .5 ] = \text{AR}$$

$$1.0000 - [.2000] = .8000$$

Basic Instructional Subsidy Computation:

$$(\text{Base}) \times (\text{AR}) \times (\text{WADM}) = \text{Basic Subsidy}$$

$$\$750 \times .8000 \times 7500 = \$4,500,000$$

2. Average District MV/WADM = \$25,000

Aid Ratio Computation:

$$1.0000 - \left[ \frac{(\$25,000)}{(\$25,000)} \times .5 \right] = \text{AR}$$

$$1.0000 - [ (1.) \times .5 ] = \text{AR}$$

$$1.0000 - [.5000] = .5000$$

Basic Instructional Subsidy Computation:

$$(\text{Base}) \times (\text{AR}) \times (\text{WADM}) = \text{Basic Subsidy}$$

$$\$750 \times .5000 \times 7500 = \$2,812,500$$

3. Wealthy District MV/WADM = \$40,000

Aid Ratio Computation:

$$1.0000 - \left[ \frac{(\$40,000)}{(\$25,000)} \times .5 \right] = \text{AR}$$

$$1.0000 - [ (1.600) \times .5 ] = \text{AR}$$

$$1.0000 - [.8000] = .2000$$

Basic Instructional Subsidy Computation:

$$(\text{Base}) \times (\text{AR}) \times (\text{WADM}) = \text{Basic Subsidy}$$

$$\$750 \times .2000 \times 7500 = \$1,125,000$$



In 1971-72 under Act 88 every district had established for it a guaranteed minimum rate per WADM. If the aid ratio decreases to a point where it provides a per WADM value less than this 1971-72 guarantee, the district will receive the minimum guaranteed rate.

#### Density-sparsity payments

As noted earlier, in addition to the general subsidy based on instructional cost per WADM, the state also pays special subsidies for certain reasons that are also based on WADM experience. One of these special categories has to do with sparsely settled or densely populated school districts. The rationale behind this category is that there are extraordinary costs associated with these conditions.

The density factor applies to districts with populations in excess of 10,000 per square mile and the sparsity factor applies to districts having populations less than 50 per square mile.

These reimbursements are based on the actual instructional expense, less a \$400 base, reflecting an amount of money multiplied by the aid ratio, or .375, whichever is applicable. The minimum payment to qualified districts is \$30 per weighted pupil and the maximum is \$250 per weighted pupil.

Here's an example. Assume a school district's actual instructional expense of \$1,200 per WADM, less the excess expenditure cutoff of \$400, provides an excess expenditure of \$800. The state will reimburse the maximum \$250 and this figure multiplied by the assumed district's aid ratio of .50 would provide an additional reimbursement of \$125 per WADM.

Two other features of the density-sparsity provisions of the subsidy system also need to be recognized. There is a feature called "super-density" that applies only to districts with a WADM in excess of 50,000. This feature provides additional subsidy according to the following example: The density payment for such qualifying districts is the actual cost of instruction per WADM multiplied by 19% and by the WADM of the district. To use our previous example:  $\$1,200 \times 19\% = \$228$  per WADM instead of \$125 computed above.

The remaining feature is a guarantee, or hold harmless provision, that guarantees a school district that has an actual cost of instruction per WADM of less than \$550 shall receive an additional payment to guarantee at least the instructional subsidy of \$550 when qualifying for density-sparsity and poverty.

#### Poverty payments

In addition to the general instructional cost subsidy and the special payments for density and sparsity, there is also a provision in the Pennsylvania foundation program that recognizes the



extraordinary costs that some school districts encounter when dealing with children from low income families. This is called a "poverty" payment, and breaks down into two categories, "regular" poverty payments and "super" poverty payments.

Eligibility for participation in this special subsidy payment is determined by federal census data regarding low income families. Regular poverty payment is computed at \$165 per child age 5-17 years inclusive from families having an annual income of less than \$2,000 or, if in excess of \$2,000, for children assigned to the family as dependents by the court under Title IV of the federal Social Security Act. Super poverty is an additional grant based on the percentage of poverty pupils in a school district average daily membership. At 15% the payment is \$30 per pupil, 20% — \$60, 25% — \$85, 30% — \$135, 35% and over — \$150.

#### Transportation

Under Section 1361 of the School Code school districts have considerable flexibility as to how much transportation will be furnished in a given district. This flexibility was limited somewhat by Act 372 of 1972 that now provides that "identical service" must be furnished to resident nonpublic school students to nonpublic schools within a 10-mile point beyond the physical boundaries of the school district. Further, current law assigns to the Department of Transportation the determination as to what constitutes a "hazardous route" that requires busing.

State reimbursement is predicated upon transportation furnished at the elementary level of distances not less than one-and-one-half miles from school, and not less than two miles from school at the secondary level.

Transportation reimbursement is made on the basis of approved reimbursable pupil transportation costs as determined by State Board of Education regulations multiplied by the aid ratio. In addition to the approved reimbursable costs after the aid ratios applied, the district can add an annual depreciation charge of 10% if it owns its own vehicles.

#### District owned buses

A preapproval form for district owned vehicles must be submitted to the Department of Education each fall. This form lists the number of students being transported and the total miles per bus. The form also reflects students being transported for which reimbursement may not be claimed (living less than the state minimum mileage) unless hazardous conditions exist.

An application form for reimbursement is submitted at the end of the school year. This form reflects the approved mileage from the fall application. The formula and the format for reporting expenses is quite lengthy. These expenses include to and from

school driving, field trips, athletic events and music activities. Applicants must deduct the cost of vehicle replacement and any contracted services. The percentage arrived at by dividing total miles driven into total approved miles is multiplied times the district's total allowable expenditure of operation. The district's aid ratio is then applied to this reimbursement and the applicable depreciation added to arrive at the total approved reimbursement for the school year.

#### **Contracted and high cost transportation**

In the case of school districts which contract transportation service, the contractor and district must have a reimbursement rate approved by the Department of Education to which the aid ratio is applied. There is also a special transportation subsidy for those districts with high transportation costs wherein additional subsidy is paid in order that no district will expend more than .5 mills times its market valuation to pay for those costs of transportation.

#### **Other special code provisions**

In cases where a school district is authorized to pay for board and lodging, Section 2542 of the School Code provides for reimbursement at an approved daily rate multiplied by the district aid ratio. Sections 1361 through 1367 of the School Code provide the legal background to transportation reimbursements. In addition, sections 2509.1 and 2509.2 provide additional legal background in the case of exceptional, institutionalized and children of migratory laborers. Sections 2541, 2542 and 2543 provide detail regarding actual payments, mileages established by the state, etc.

Homebound instruction reimbursement as provided in Section 2501.1 of the School Code is paid at the rate of \$4 per hour times the number of approved hours times the aid ratio of the district. Also, the district is paid \$35 times the number of pupils completing the approved driver education course.

#### **Medical and dental services**

Under Pennsylvania law, school districts are reimbursed by the state for certain medical and dental services that are provided for students. Medical services are reimbursed at the rate of 80 cents per resident student enrolled in both public and parochial schools within the school district. Dental services are reimbursed at the rate of 40 cents for each student enrolled in the public and parochial schools.

In addition, nursing service is paid at the rate of \$3.50 per pupil enrolled in the public and parochial schools. If a dental hygienist is employed by the district, reimbursement is paid at a rate not to exceed \$1 per number of children enrolled.

### Special education — exceptional children

No aspect of public education has undergone the dramatic change in the nature of the services provided by the public schools as has special education. The consent decree entered into by officials of the commonwealth in 1971, commonly referred to as the PARC decree (Pennsylvania Association of Retarded Children — now Pennsylvania Association of Retarded Persons), materially changed the effect of Pennsylvania school law as it relates to exceptional persons. Subsequently, federal law, P.L. 93-380, has further defined the responsibilities of the public schools in meeting the special needs of exceptional children.

Sections 1371 through 1376 of the School Code define exceptional children as those who deviate from the average in physical, mental, emotional or social characteristics to the extent that they require special services. Section 2509 of the code discusses the reimbursement of district operated special classes, while intermediate unit operated classes are defined in Section 2509.1. Subsidy payments for intermediate unit classes are made in advance on the basis of budget submitted by the intermediate unit. District operated classes are reimbursed on the basis of actual instructional expenditure per pupil approved by the Department of Education during the school year.

The theory applied to special education indicates that the state will pay the difference between the local district regular cost of instruction for the average student and the total cost of educating pupils in special classes.

Before July 1 every school district conducting special classes must submit to the Department of Education, for approval, an estimate of the special class cost for each type class to be operated. At the end of the year, report forms must be filed with the department reflecting the difference between the cost of instructing a child at the elementary level versus the cost of instructing children in elementary special classes. The same is true of computing the difference between regular secondary class costs versus secondary special class costs. If, at the end of the school year, the costs paid by the state exceed the cost of operation, the district will be required to refund money. If the reverse is true, the state will pay over additional monies to the district. Reimbursement is computed by multiplying the number of students in average daily membership in elementary and secondary special classes times the cost differential between elementary and secondary regular class and the total cost of elementary and secondary special classes.

### Vocational education

Vocational-technical education may be carried on under state law in three ways: (1) through vocational-technical programs

conducted within a local school district comprehensive high school program; (2) through vocational-technical programs operated through intermediate units; or (3) through the operations of vocational-technical schools that function under the direction and observation of joint operating committees established by the participating school districts. It should be noted that neither intermediate units nor jointly operated vocational-technical schools have any tax levying powers and, thus, must look to the participating school districts for principal operating funds.

In area vocational-technical schools it is not uncommon to find the technical school applying for these funds and distributing the district's share back against the district's proportion of operational costs based on an agreed formula. Sections 1146, 1801 through 1853, 2504.2, 2506, 2507 and 2508.2 provide the legal background and methods of reimbursement to school districts on account of vocational education. The following listing reflects special rates of reimbursement for vo-tech education: home economics — \$20 per pupil — ADM; agriculture — \$35 per pupil — ADM; industrial education — \$35 per pupil — ADM; extension and pre-employment — 80% of the sum expended by the district for salaries with a maximum reimbursement of \$4 per hour; travel expenses — 80% of district costs for approved travel of teachers, coordinators and directors; area vo-tech schools — reimbursement based on approved per pupil cost in excess of regular high school program. Maximum reimbursement \$75 per pupil in full-time membership.

Subsidies to area vo-tech schools are paid in advance by paying 50% before August 1, with the other 50% being adjusted because of actual expenditures in the first half of the school year and paid by January 1. Area vo-tech schools are also reimbursed up to 50% for the purchase of equipment.

#### Building lease-rental reimbursements

Most school districts finance construction through long term borrowing, usually through general obligation bonds, local authority bonds, or state Public School Building Authority bonds. School construction reimbursement is governed by School Code sections 2572, 2574, 2575, 2575.1 and 2578.1. Act 96 passed in 1968 provided for the district aid ratio to be applied to the rental cost, plus the computation of a capital account reimbursement fraction. The district has the choice of using either its aid ratio or the capital account reimbursement fraction (CARF) as computed for 1967 if it is larger than the aid ratio. This latter feature is, in a sense, a minimum guarantee.

When a building has been constructed it has a final percentage applied as reimbursable space based upon standards of the State Board of Education and the department. This percent



of reimbursement, approved by the department, is applied against the total annual lease-rental. The difference, or product, is multiplied by the aid ratio or CARF, whichever is applicable, to obtain the amount of state reimbursement for a particular rental payment. Although the aid ratio applied may change from year to year, the percentage of the building cost finally approved remains constant until the bond issue for that project is retired.

#### Other special payments

The prior programs cover the major reimbursements payable to most school districts. Certain districts may receive additional reimbursements for the education of the deaf, blind, partially sighted and palsied, nonresident students, children of migratory workers or other special grants in aid.

School districts also pay a proportion of intermediate unit budgets if its budget is in excess of minimum payments made by the state. The district's portion of these payments is deducted from its appropriations by the state prior to payment being made to the local district level. While not considered in the area of reimbursement, the commonwealth pays into the Public School Employees' Retirement Fund an amount equal to the district's share. The employee's share of payment into the retirement fund is established by law at 5.25% of earnings. The employee's share, matched by the state, is determined through actuarial computations. Similar payments are shared for contributions into the Social Security program.

It can also be noted from a prior chapter that the state expends funds through the intermediate unit for nonpublic elementary and secondary schools to supply equipment in the areas of mathematics, modern foreign languages, physical sciences and physical education. These services may also be purchased by the intermediate unit from an area public school. Such nonpublic school funding is derived from Pennsylvania's cigarette taxes.

#### Comparison of state support

For several years PSBA has conducted an annual survey of selected other states in order to make some comparisons between these states and Pennsylvania regarding the support provided for public education. The results of the latest study (1975) are shown in Exhibits 6-C through 6-L that follow.



**EXHIBIT 6-C: True Market Value of Property in Each State**

STATE	MARKET VALUE	RANK
Connecticut	\$ 50,679,769,667	.6
Delaware	3,772,447,790	15
Georgia	48,407,506,083	7
Maine	9,080,673,402	13
Maryland	33,673,000,000	11
Massachusetts	54,728,100,000	4
Minnesota	38,122,064,000	10
Missouri	44,325,655,496*	8
New Jersey	72,940,756,787	2
New York	176,964,538,000	1
North Carolina	51,618,787,085	5
North Dakota	6,483,017,000	14
Ohio	43,305,746,152	9
Oregon	24,725,997,294	12
Pennsylvania	64,629,529,100	3

\*Estimated

**EXHIBIT 6-D: Total State Subsidies or Foundation Programs for Public Elementary and Secondary Schools**

STATE	SUBSIDY	RANK
Connecticut	\$ 272,003,928	11
Delaware	145,820,643	13
Georgia	495,924,914	7
Maine	127,747,083	14
Maryland	391,257,112	10
Massachusetts	467,000,000	8
Minnesota	339,728,882	4
Missouri	414,711,631	9
New Jersey	534,543,747	6
New York	2,891,000,000	1
North Carolina	773,088,953	5
North Dakota	68,900,000	15
Ohio	909,000,000	3
Oregon	209,633,899	12
Pennsylvania	1,851,000,000	2

**EXHIBIT 6-E: Total Local Support for Public Elementary and Secondary Education**

STATE	LOCAL SUPPORT	RANK
Connecticut	\$ 857,699,040	6
Delaware	47,102,050	14
Georgia	378,785,807	11
Maine	143,912,425	13
Maryland	743,434,122	7
Massachusetts	1,157,219,090	5
Minnesota	438,597,272	10
Missouri	674,781,838	8
New Jersey	1,555,270,653	4
New York	3,927,400,000	1
North Carolina	300,000,000	12
North Dakota	42,265,000	15
Ohio	1,599,100,000	3
Oregon	459,841,239	9
Pennsylvania	1,663,340,259	2

**EXHIBIT 6-F: Combined State and Local Support for Public Elementary and Secondary Education**

STATE	STATE and LOCAL SUPPORT	RANK
Connecticut	\$1,129,702,968	8
Delaware	192,922,693	14
Georgia	874,710,721	11
Maine	271,659,508	13
Maryland	1,134,691,234	7
Massachusetts	1,624,219,090	5
Minnesota	1,278,326,154	6
Missouri	1,089,493,469	9
New Jersey	2,089,814,400	4
New York	6,818,400,000	1
North Carolina	1,073,088,953	10
North Dakota	111,165,000	15
Ohio	2,508,100,000	3
Oregon	669,475,138	12
Pennsylvania	3,514,340,259	2

**EXHIBIT 6-G: Percent of Local Support  
for Public Elementary and Secondary Programs**

STATE	PERCENT	RANK
Connecticut	75.92%	1
Delaware	24.42	15
Georgia	43.30	11
Maine	52.98	9
Maryland	65.52	5
Massachusetts	71.25	3
Minnesota	34.31	13
Missouri	61.94	7
New Jersey	74.42	2
New York	57.60	8
North Carolina	27.96	14
North Dakota	38.02	12
Ohio	53.76	6
Oregon	68.69	4
Pennsylvania	47.33	10

**EXHIBIT 6-H: Total Funds Available for Public Elementary  
and Secondary Programs as a Percent of Market Value**

STATE	PERCENT	RANK
Connecticut	2.23%	12
Delaware	5.11	3
Georgia	1.81	14
Maine	2.99	7
Maryland	3.37	5
Massachusetts	2.97	8
Minnesota	3.35	6
Missouri	2.46	11
New Jersey	2.87	9
New York	3.85	4
North Carolina	2.08	13
North Dakota	1.71	15
Ohio	5.79	1
Oregon	2.71	10
Pennsylvania	5.44	2

**EXHIBIT 6-I: Total Number of Children  
in Public Elementary and Secondary Programs**

STATE	STUDENTS	RANK
Connecticut	649,752	11
Delaware	127,476	15
Georgia	1,181,933	7
Maine	248,072	13
Maryland	880,900	9
Massachusetts	1,197,785	5
Minnesota	879,944	10
Missouri	1,053,879	8
New Jersey	1,449,023	4
New York	3,401,636	1
North Carolina	1,184,996	6
North Dakota	141,200	14
Ohio	2,295,958	2
Oregon	462,641	12
Pennsylvania	2,234,100	3

**EXHIBIT 6-J: Per Pupil Expenditure  
for Public Elementary and Secondary Programs**

STATE	PER PUPIL	RANK
Connecticut	\$1,738.67	2
Delaware	1,513.40	4
Georgia	740.07	15
Maine	1,095.08	10
Maryland	1,288.11	9
Massachusetts	1,356.02	8
Minnesota	1,452.74	5
Missouri	1,033.79	12
New Jersey	1,442.22	7
New York	2,004.45	1
North Carolina	905.56	13
North Dakota	787.29	14
Ohio	1,092.40	11
Oregon	1,447.07	6
Pennsylvania	1,573.05	3

# EXHIBIT 6-K: State Composite Ranking of Education Support

	Market Value	State Support	Local Support	Total (State and Local) Support	Percent Local Support	Total Percent of Funds as Mkt. Value	Enrollment	Per Pupil Expenditure	State Market Value per Pupil	Composite	Final Rank
Connecticut	6	11	6	8	1	12	11	2	1	58	6
Delaware	15	13	14	14	15	3	15	4	13	106	14
Georgia	7	7	11	11	11	14	7	15	10	93	12
Maine	13	14	13	13	9	7	13	10	12	104	13
Maryland	11	10	7	7	5	5	9	9	11	74	8
Massachusetts	4	8	5	5	3	8	5	8	6	52	4
Minnesota	10	4	10	6	13	6	10	5	8	72	7
Missouri	8	9	8	9	7	11	8	12	9	81	10
New Jersey	2	6	4	4	2	9	4	7	4	42	3
New York	1	1	1	1	8	4	1	1	3	21	1
North Carolina	5	5	12	10	14	13	6	13	7	85	11
North Dakota	14	15	15	15	12	15	14	14	5	119	15
Ohio	9	3	3	3	6	1	2	11	15	53	5
Oregon	12	12	9	12	4	10	12	6	2	79	9
Pennsylvania	3	2	2	2	10	2	3	3	14	41	2



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**EXHIBIT 6-L: State Market Value Per Pupil**

STATE	PER PUPIL	RANK
Connecticut	\$77,999	1
Delaware	29,593	13
Georgia	40,956	10
Maine	36,605	12
Maryland	38,226	11
Massachusetts	45,691	6
Minnesota	43,323	8
Missouri	42,060	9
New Jersey	50,338	4
New York	52,023	3
North Carolina	43,560	7
North Dakota	45,914	5
Ohio	18,862	15
Oregon	53,445	2
Pennsylvania	28,929	14

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**Summary**

- Pennsylvania's system of public education support relies on a state subsidy system which assures a minimum level of financial support to local school districts.
- Pennsylvania has a foundation program which includes the following philosophies:
  1. A minimum level of education should be established for all children.
  2. A partnership responsibility exists between the state and local school districts to financially support education.
  3. Local school districts should be required to tax themselves at a reasonable level.
  4. Local school districts should pay the difference between what the state subsidy provides and the foundation program of the state.
  5. The state program should not be restrictive, allowing local districts to exceed minimums if they wish to tax additionally for additional education programs.
  6. Cost of instruction statewide should be borne equally by state level resources and local resources. Thus, state taxes should support one-half of the cost of instruction and local taxes should support the other half.

- Approximately 50% of the revenue for public elementary and secondary schools is provided by the state. About 85% of the state reimbursements are paid to local school districts on the basis of the previous year's approved expenditure pattern, and not on a current school year basis.
- State grant funds are provided mainly by legislative appropriations. Of the state's share, the basic instruction subsidy accounts for 74.9% of the total public school appropriations.
- Three other subsidies, namely, rental, special education and pupil transportation account for an additional 8.6%, 7.1% and 4.2%. Thus, the four largest subsidies represent 94.8% of the total.
- The other distributions which provide for 5.2% of state support are for vocational education, health services, tuition for nonresident orphans and foster children placed in private homes or institutions and a few other minor subsidies.
- Over 80% of the state monies distributed to public schools is allocated on the basis of the aid ratio. The aid ratio depends on the equalized valuation of local real property per resident weighted pupil in relation to the state average equalized valuation per weighted pupil.
- The aid ratio formula: The statewide market value per weighted pupil is divided into the district value per weighted pupil, and the resultant quotient is then multiplied by 50%.
- Essentially all expenditures, up to the maximum fixed by law, are reimbursable under the base subsidy except those for health services, transportation, capital outlay, debt service and federal programs.
- The state's share of the total reimbursable cost is based on the lesser of (1) the "actual expense" per weighted pupil or (2) a maximum amount fixed by the General Assembly (\$750 in 1976-77). In no case shall a district receive for each WADM an amount less than 10% of the actual cost of \$75, whichever is lesser amount.
- Local revenue resources account for the other 50% of public school support. About 77% of the local revenue is obtained from current property taxes. The remaining 23% is obtained from nonproperty revenue sources such as per capita, income, amusement, real estate transfer, mercantile, occupational taxes and a few minor sources.

## ***Comparative financial statistics — national, state and local***

*National and state studies contain useful comparisons that are helpful in providing background and perspective for local school officials. Much of the data contained in this chapter are taken from the U.S. Department of Health, Education and Welfare (HEW), the Advisory Commission on Intergovernmental Relations (ACIR) and the State Department of Education.*

In the last 20 years expenditures for education at the national level have risen from \$14 billion to \$108.7 billion ending with the year 1974-75. As a proportion of the gross national product in the same period, the percentages have increased from 3.8 to 7.8 and have not exceeded 8% since 1969-70 when a peak was reached.

### **Enrollments**

In the fall of 1975, education was the primary activity of approximately 62.3 million Americans. Included in that total were 58.9 million students enrolled in the schools and colleges, 3.1 million teachers and about 300,000 superintendents, principals, supervisors, and other instructional staff members. This means that in a nation with 214 million people nearly three out of every 10 persons were directly involved in the educational process.

Total enrollment in regular educational programs kindergarten through graduate school increased for 27 consecutive years before reaching an all-time high of 59.7 million in the fall of 1971. The small decreases that subsequently have occurred at the elementary school level reflect the fact that there are now fewer children in the age group of 5-13 than in the recent past. Enrollment is continuing to rise at the high school and college levels.

The following percentages of the school age population are estimated to have been enrolled in school in the fall of 1975: 86% of 5-year-olds (the usual kindergarten age); 99% of 6-13-year-olds (grades 1-8); 93% of 14-17-year-olds (grades 9-12); and 25% of 18-24-year-olds (college age). These estimates are derived from data obtained in the annual fall surveys of the U. S. Department of Commerce, Bureau of the Census, and reported in *Current Population Reports*, Series P-20.

Enrollment in degree-credit programs in colleges and universities were expected to exceed 9.3 million. This represents an increase of at least 3.5% over the nine million students enrolled one year earlier. (The figures for both 1974 and 1975 exclude undergraduate students in occupational programs not creditable toward a bachelor's degree as well as those attending other types of postsecondary educational institutions.)

Enrollment in public and nonpublic schools at the secondary level (grades 9-12) was expected to total about 15.6 million students. This is a rise of 200,000, or more than 1 %, over the 15.4 million students enrolled a year ago. Enrollment in nonpublic schools held steady at about 1.2 million, while the number of public high school students rose from 14.2 million the previous fall to an estimated 14.4 million in 1975.

Enrollment at the elementary school level (K-8) has declined by about 2% — from 34.6 million last year to a 1975 level of about 34 million. Nonpublic school enrollment was estimated at 3.4 million compared with 3.5 million a year ago, while public school enrollment was about 30.6 million as against 31.1 million the previous fall.

School enrollment in the future will be significantly influenced by trends in the birth rate. Data from the National Center for Health Statistics, U.S. Public Health Service, show that the number of live births in this country attained an all-time high of 4.3 million in 1961. They then abruptly declined until they reached 3.1 million in 1973. Subsequently, reflecting an increase in the number of women of childbearing age, there has been a slight upward trend in the number of births. While there may very well be further increases in the years just ahead, a return to the high birth rates of the 1950s and early 1960s now seems unlikely.

The latest projections of the National Center for Education Statistics indicate that there will be small annual reductions in elementary school enrollment for the next five or six years. These decreases are directly attributable to the expected decline in the number of children aged 5-13 during this period. High school enrollment was expected to reach a peak in 1976 and then begin a series of small annual declines. College enrollment is expected to reach its maximum about 1981. A decrease in the college age

population will become evident in the early 1980s, but the extent of the expected enrollment decline will be determined by emerging trends in college attendance rates. At the present time the percentage of young people attending college is down slightly from the high levels reached in the late 1960s.

### Employment

Currently about 2.4 million persons are employed as classroom teachers in public and nonpublic elementary and secondary schools. This represents practically no change from the number of persons teaching a year ago. A small increase in secondary school teachers this year will practically offset a slight decline in employment at the elementary school level. The number of public school teachers was estimated at 2.2 million in the fall of 1975, with about 230,000 nonpublic schoolteachers. Approximately 1.3 million were teaching in elementary schools, while 1.1 million were employed at the secondary level.

Overall, the trend in recent years has been for the number of public schoolteachers to grow at a faster rate than the number of pupils. The result is a continuing decline in the pupil-teacher ratio. This past fall there were about 20.7 pupils per teacher as compared with 24.7 pupils for each teacher 10 years ago.

The average annual salary of classroom teachers in public elementary and secondary schools rose about 8% last year over the preceding year, bringing the national average salary in 1974-75 to approximately \$11,600. The national average salary of the total professional instructional staff, including principals, supervisors, teachers, and other personnel, was somewhat higher — the estimates for 1974-75 and 1975-76 are \$12,070 and 12,900, respectively. (*Editor's Note: Compare these data with Pennsylvania data that appears on Page 121 Exhibit 7-W.*)

The number of instructional staff members in colleges and universities is continuing to grow, but at a slower rate than in the middle and late 1960s. The full-time and part-time staff totaled about 630,000 last fall and the current estimate is 650,000. The trend in recent years has been toward slightly larger classes (more students per teacher) at the higher education level.

The average salary of full-time faculty members in institutions of higher education was nearly \$15,300 for the academic year 1974-75. Average salaries in colleges and universities have been rising somewhat more than 5% annually in recent years.

### Educational attainment

Approximately 3.1 million persons graduated from high school in 1975 and an equally large number of students were expected to receive their high school diplomas in 1976. The size of



these graduating classes reflects the high birth rate of the late 1950s as well as the tendency of most young Americans to remain in school at least until high school graduation. About 75% of the young people today finish high school and about 45% (or about 60% of the high school graduates) can be expected to enter a degree-credit program in a college or university. If present trends continue, about 24% of the persons in their late teens today can be expected to earn a bachelor's degree; 7%, a master's degree; and more than 1%, a doctorate.

In a recent survey of the educational attainment of the population conducted in March 1974, the Bureau of the Census found that the median number of school years completed by young people 20 and 21 years of age was 12.8 years; persons 45-54, 12.3 years; senior citizens 75-years-old and over, 8.6 years.

Exhibit 7-A illustrates the total enrollment in the nation's public schools over the years and also shows the changes in percentage of enrolled students that attended the public schools on a daily basis.

During the school year 1974-75, the number of earned degrees conferred by colleges and universities is estimated as follows: bachelor's degrees, 944,000; first professional degrees, 55,000; master's degrees, 292,000; doctorates, 36,000. In 1975-76, the comparable figures are expected to be 936,000, 58,000, 305,000 and 38,000. Overall, more degrees were to be conferred in 1975-76 than in any previous year and annual increases are anticipated through the early 1980s.

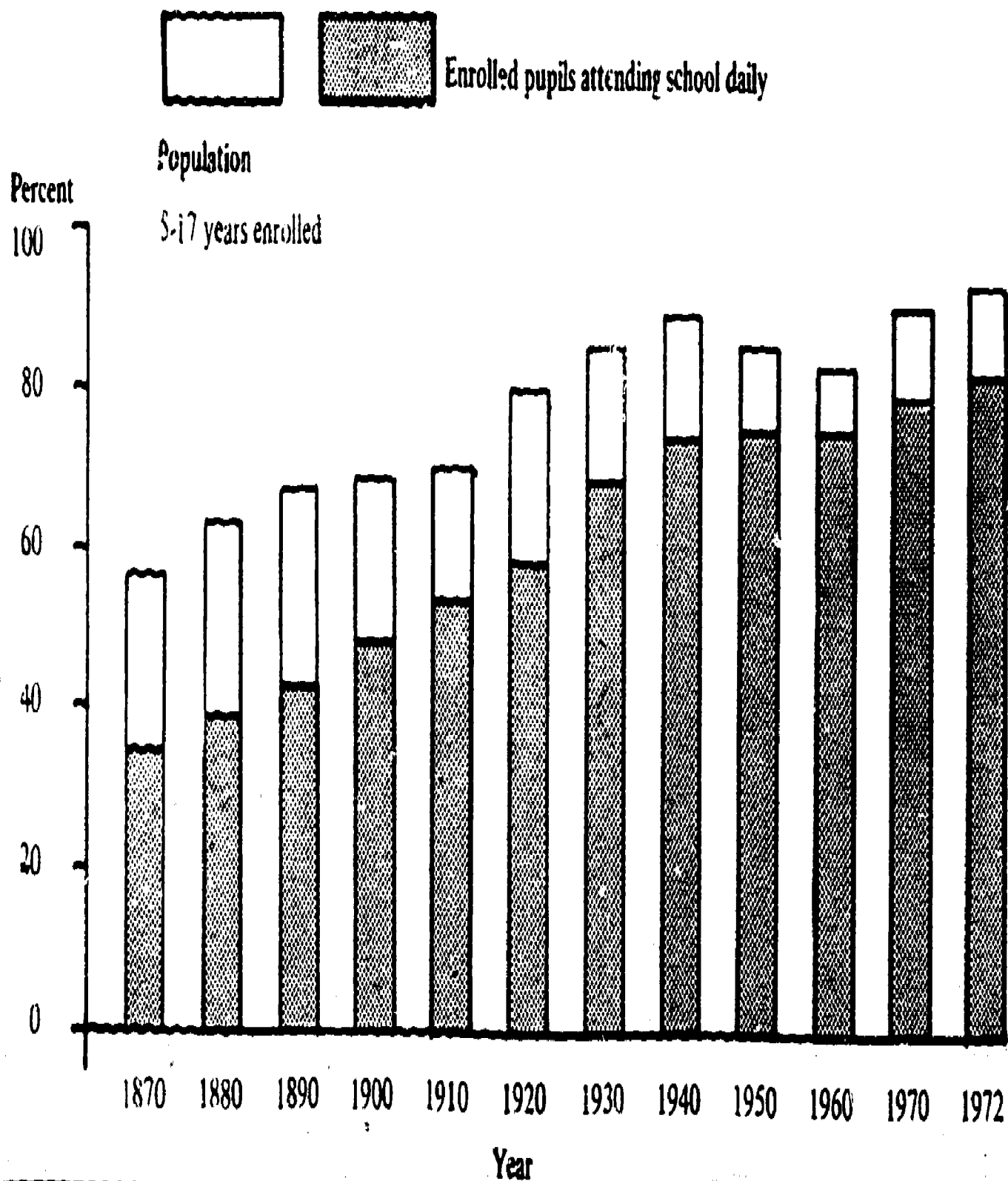
#### Expenditures

Expenditures for public and private education from kindergarten through graduate school are estimated at nearly \$109 billion for the 1974-75 school year and preliminary estimates place the 1975-76 figure at about \$120 billion. Last year elementary and secondary schools expended more than \$68 billion, while institutions of higher education spent more than \$40 billion. Public schools and colleges spent nearly \$89 billion in 1974-75 as compared with about \$20 billion for nonpublic institutions.

Viewed in another context, the total expenditures for education during 1974-75 amounted to 7.8% of the gross national product. The percentage of the GNP spent for education has been rising during most of the past 30 years and now appears to have stabilized at a high level. The low point in modern times was reached in the midst of World War II, 1943-44, when educational expenditures dropped to 1.8% of the GNP.

Nationally, the current expenditure per pupil in average daily attendance in public elementary and secondary schools has more than doubled in the past decade, rising from about \$485 in 1964-65

## EXHIBIT 7-A: Participation in Public Schools



to an estimated \$1,255 in 1974-75. A further rise to about \$1,380 per pupil was indicated for 1975-76.

The role of the federal government in providing support to education at all levels continues to grow. Whereas federal grants amounted to \$3.4 billion in fiscal year 1965, in 1975 they reached approximately \$16.2 billion. Grants to higher education nearly quadrupled during the past decade, and aid to elementary and secondary education increased more than fivefold. The largest percentage increase, however, was in grants for vocational-technical and continuing education. This expenditures was 10 times as great in 1975 as in 1965.

#### Additional national comparisons

Another view of the national comparisons that includes population growth, participation in the public schools and changing educational attainment of the United States population is shown in Exhibits 7-B, 7-C, and 7-D.

(Continued on page 95)

#### EXHIBIT 7-B: Estimated Population of the United States: 1790 to 1975

(IN THOUSANDS)

Year <sup>1</sup>	Total population <sup>2</sup>	Year	Total population	Year	Total population	Year	Total population
1790 ...	3,929	1840 ...	17,120	1890 ...	63,056	1940 ...	132,054
1795 ...	4,607	1845 ...	20,182	1895 ...	69,580	1945 ...	139,767
1800 ...	5,297	1850 ...	23,261	1900 ...	76,094	1950 ...	151,135
1805 ...	6,258	1855 ...	27,386	1905 ...	83,820	1955 ...	164,588
1810 ...	7,224	1860 ...	31,513	1910 ...	92,407	1960 ...	179,386
1815 ...	8,419	1865 ...	35,701	1915 ...	100,549	1965 ...	193,223
1820 ...	9,618	1870 ...	39,905	1920 ...	106,466	1970 ...	203,849
1825 ...	11,252	1875 ...	45,073	1925 ...	115,832	1975 ...	213,641
1830 ...	12,901	1880 ...	50,262	1930 ...	123,188		
1835 ...	15,003	1885 ...	56,658	1935 ...	127,362		

<sup>1</sup>Estimates as of July 1.

<sup>2</sup>Includes Armed Forces overseas.

\*Sources: U.S. Department of Commerce, Bureau of the Census, *Historical Statistics of the United States: Colonial Times to 1957*; *Projections of the Population of the United States: 1975 to 2050*, Series P-25, No. 601.

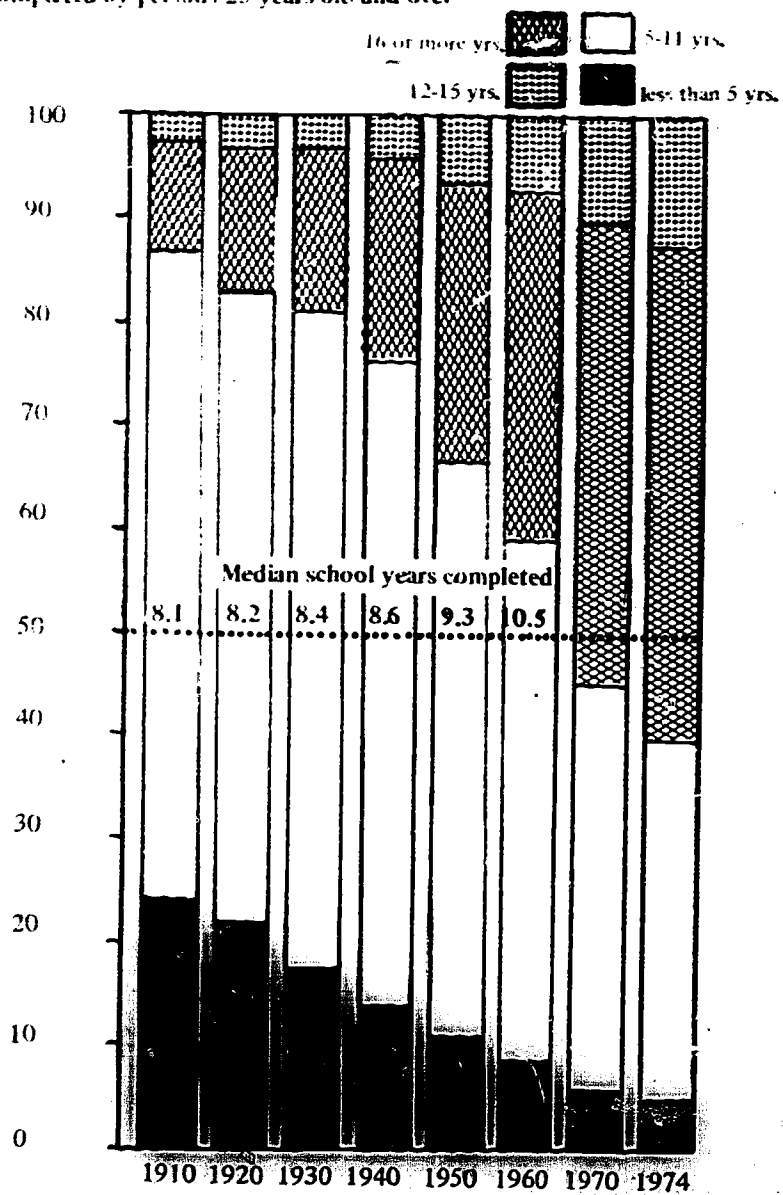
# EXHIBIT 7-C: Participation in Public Elementary and Secondary Schools: Selected Year, 1870 to 1972

Participation Indexes	SCHOOL YEAR ENDING											
	1870	1880	1890	1900	1910	1920	1930	1940	1950	1960	1970	1972
Average length of school term (days).....	132.2	130.3	134.7	144.3	157.5	161.9	172.7	175.0	177.9	178.0	178.9	179.3
Percent of population 5-17 years enrolled.....	57.0	65.5	68.6	71.9	74.2	78.3	81.7	84.4	83.2	82.2	86.9	88.1
Percent of enrolled pupils attending daily.....	59.3	62.3	64.1	68.6	72.1	74.8	82.8	86.7	88.7	90.0	90.4	90.2
Average attendance as percent of enrollment....	33.8	40.8	44.0	49.3	53.5	58.6	67.7	73.2	73.8	74.0	78.6	79.5

\*Source: U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Statistics of State School Systems, 1971-72*.

## EXHIBIT 7-D: Changing Educational Attainment

Percentage distribution of formal schooling completed by persons 25 years old and over





### **Pupil enrollment nationally and by state**

Pupil enrollment nationally has been declining since 1968. A state-by-state comparison of this overall decline is shown in Exhibit 7-E.

### **National expenditures**

The national trend of expenditures for education at all levels, public and nonpublic, is shown in Exhibit 7-F. The expenditure pattern shown in this exhibit can be contrasted with the growth in national production of goods and services shown in Exhibit 7-G.

### **Staff growth and pupil-teacher ratios**

Some measure of the national trends in the employment of male and female teachers, and the trends in pupil-teacher ratios may be seen in a review of Exhibits 7-H and 7-I.

### **Trends in salaries**

Exhibits 7-J portrays the trends in salaries paid nationally and state-by-state over the period 1929-30 to 1969-70. Exhibit 7-K compares these national data for public school instructional staff with similar data for full-time employees in all industries over a similar period.

### **Trends in busing**

In 1929-30 a rather modest \$54.8 million was expended for busing tied to a total school population of 25.6 million students. This part of the national school expenditures increased to a healthy \$1.8 billion in 1974-75 for a school population of 41.4 million students. These comparisons are shown in Exhibit 7-L.

### **National trends in school work stoppages**

One other factor worth examining on a national level is the trend over the past decade regarding work stoppages in the public schools. Exhibit 7-M compares these data through 1973. Exhibit 7-N presents for comparison Pennsylvania school strike experience through 1975-76 taken from the recently published *PSBA Act 195 Guidebook*.

### **Support for state programs from federal funds**

There is one additional bit of national data that should be considered. General revenue sharing established by the federal government a couple of years ago (P.L. 92-512, October 20, 1972)

(Continued on page 102)

# EXHIBIT 7-E: Number of Public School Pupils, by State

State or other area	Fall, 1962	Fall, 1964	Fall, 1966	Fall, 1968	Fall, 1970	Fall, 1972	Fall, 1974	Fall, 1975 <sup>1</sup>
Total United States .....	38,837	41,416	43,055	44,962	45,903	45,753	45,056	44,700
Alabama .....	812	821	873	832	805	733	764	757
Alaska .....	50	56	62	72	80	85	87	86
Arizona .....	353	366	383	411	440	485	487	483
Arkansas .....	436	448	451	453	463	461	455	451
California .....	3,755	4,140	358	4,582	4,633	4,501	4,428	4,394
Colorado .....	438	476	499	524	550	574	568	563
Connecticut .....	520	560	597	632	662	665	660	655
Delaware .....	92	105	113	125	133	134	131	129
District of Columbia .....	133	141	147	149	146	140	132	130
Florida .....	1,094	1,184	1,260	1,356	1,428	1,514	1,557	1,544
Georgia .....	991	1,042	1,074	1,103	1,099	1,090	1,082	1,072
Hawaii .....	152	158	166	172	181	182	177	175
Idaho .....	167	173	175	179	182	185	188	186
Illinois .....	1,890	2,043	2,159	2,274	2,357	2,349	2,296	2,278
Indiana .....	1,029	1,100	1,155	1,205	1,232	1,221	1,187	1,177
Iowa .....	598	620	636	658	660	646	618	616
Kansas .....	502	506	516	522	512	475	450	446
Kentucky .....	647	663	675	699	717	715	701	695
Louisiana .....	760	786	821	865	842	846	841	833
Maine .....	213	218	222	232	245	250	251	248

Maryland . . . . .	668	736	741	859	916	921	894	887
Massachusetts . . . . .	943	993	1,083	1,113	1,168	1,203	1,200	1,200
Michigan . . . . .	1,792	1,919	2,015	2,124	2,181	2,198	2,138	2,121
Minnesota . . . . .	733	788	835	895	921	910	890	884
Mississippi . . . . .	563	579	581	582	534	526	514	509
Missouri . . . . .	858	948	964	1,056	1,040	1,030	1,002	994
Montana . . . . .	157	165	168	173	177	180	172	171
Nebraska . . . . .	301	317	319	329	329	329	319	316
Nevada . . . . .	80	100	108	118	128	132	137	136
New Hampshire . . . . .	116	125	134	146	159	168	172	171
New Jersey . . . . .	1,159	1,255	1,326	1,422	1,482	1,510	1,470	1,458
New Mexico . . . . .	239	269	271	273	281	285	282	280
New York . . . . .	2,943	3,130	3,249	3,411	3,477	3,524	3,436	3,411
North Carolina . . . . .	1,140	1,179	1,184	1,195	1,192	1,161	1,178	1,169
North Dakota . . . . .	142	148	148	149	147	142	133	132
Ohio . . . . .	2,082	2,230	2,320	2,384	2,426	2,423	2,330	2,314
Oklahoma . . . . .	563	609	598	604	627	607	596	591
Oregon . . . . .	413	441	474	490	480	472	477	473
Pennsylvania . . . . .	2,059	2,212	2,211	2,310	2,358	2,361	2,278	2,261
Rhode Island . . . . .	143	151	160	173	188	190	179	177
South Carolina . . . . .	611	633	642	649	638	624	627	622
South Dakota . . . . .	160	164	168	167	166	162	154	153
Tennessee . . . . .	838	864	874	884	900	892	873	865
Texas . . . . .	2,291	2,464	2,563	2,704	2,840	2,738	2,785	2,762
Utah . . . . .	258	283	292	301	304	306	306	304

States and other	Fall, 1962	Fall, 1964	Fall, 1966	Fall, 1968	Fall, 1970	Fall, 1972	Fall, 1974	Fall, 1975 <sup>1</sup>
Vermont . . . . .	78	82	88	100	103	107	105	104
Virginia . . . . .	906	969	1,003	1,056	1,079	1,069	1,073	1,084
Washington . . . . .	685	719	753	804	818	791	786	779
West Virginia . . . . .	436	436	421	410	400	410	404	401
Wisconsin . . . . .	767	851	890	954	994	995	974	968
Wyoming . . . . .	83	88	85	86	87	86	87	85
Outlying areas . . . . .	634	662	701	711	734	780	786	783
American Samoa . . . . .	6	7	8	8	9	8	10	10
Canal Zone . . . . .	13	13	13	14	13	13	11	11
Guam . . . . .	15	16	18	21	25	27	28	28
Puerto Rico . . . . .	592	618	651	668	687	711	713	710
Virgin Islands . . . . .	8	9	11	-	-	21	23	24

<sup>1</sup>Estimated.

Note: State and area figures may not add up to total figures because of rounding.

\*Source: U.S. Department of Health, Education and Welfare, National Center for Education Statistics, *Fall Statistics of Public Schools*.

EXHIBIT 7-F: Estimated Expenditures of Educational Institutions,  
by Source of Funds: United States, 1969-70 to 1975-76

(AMOUNTS IN BILLIONS OF DOLLARS)

Source of funds, by level of institution and type of control	1969-70		1971-72		1973-74		1974-75		1975-76	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1	2	3	4	5	6	7	8	9	10	11
All levels:										
Total public and nonpublic . . . . .	\$70.2	100.0	\$83.0	100.0	\$98.3	100.0	\$108.7	100.0	\$120.0	100.0
Federal . . . . .	7.4	10.6	9.4	11.3	10.1	10.3	11.6	10.7	11.8	9.9
State . . . . .	22.7	32.3	26.3	31.7	33.0	33.6	36.6	33.7	40.9	34.1
Local . . . . .	22.2	31.6	26.4	31.8	31.0	31.5	33.2	30.5	37.2	31.0
All other . . . . .	17.9	25.5	20.9	25.2	24.2	24.6	27.3	25.1	30.0	25.0
Total public . . . . .	56.8	100.0	67.4	100.0	80.3	100.0	88.6	100.0	98.0	100.0
Federal . . . . .	5.7	10.0	7.5	11.1	8.0	10.0	9.3	10.5	9.4	9.6
State . . . . .	22.6	39.8	26.1	38.8	32.7	40.7	36.3	41.0	40.5	41.3
Local . . . . .	22.1	38.9	26.3	39.0	30.9	38.5	33.1	37.3	37.1	37.9
All other . . . . .	6.4	11.3	7.5	11.1	8.7	10.8	9.9	11.2	11.0	11.2
Total nonpublic . . . . .	13.4	100.0	15.6	100.0	18.0	100.0	20.1	100.0	22.0	100.0
Federal . . . . .	1.7	12.7	1.9	12.2	2.1	11.7	2.3	11.4	2.4	10.9
State . . . . .	.1	.7	.2	1.3	.3	1.7	.3	1.5	.4	1.8
Local . . . . .	.1	.7	.1	.6	.1	.5	.1	.5	.1	.5
All other . . . . .	11.5	85.9	13.4	85.9	15.5	86.1	17.4	86.6	19.1	86.8



## (AMOUNTS IN BILLIONS OF DOLLARS)

Source of funds, by level of institution and type of control	1969-70		1971-72		1973-74		1974-75		1975-76	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1	2	3	4	5	6	7	8	9	10	11

Elementary and secondary schools<sup>1</sup>

Total public and nonpublic .....	45.5	100.0	53.8	100.0	63.3	100.0	68.5	100.0	75.1	100.0
Federal .....	3.3	7.3	4.6	8.6	4.6	7.3	5.5	8.0	5.3	7.1
State .....	16.3	35.8	18.4	34.2	22.9	36.2	24.8	36.2	27.4	36.5
Local .....	21.3	46.8	25.2	46.8	29.5	46.6	31.4	45.9	36.1	46.8
All other .....	4.6	10.1	5.6	10.4	6.3	9.9	6.8	9.9	7.2	9.6
Total public .....	41.0	100.0	48.3	100.0	57.1	100.0	61.8	100.0	67.9	100.0
Federal .....	3.3	8.1	4.6	9.5	4.6	8.0	5.5	8.9	5.3	7.8
State .....	16.3	39.8	18.4	38.1	22.9	40.1	24.8	40.2	27.4	40.3
Local .....	21.3	51.9	25.2	52.2	29.5	51.7	31.4	50.7	36.1	51.7
All other .....	.1	.2	.1	.2	.1	.2	.1	.2	.1	.2
Total nonpublic .....	4.5	100.0	5.5	100.0	6.2	100.0	6.7	100.0	7.2	100.0
Federal .....										
State .....										
Local .....										
All other .....	4.5	100.0	5.5	100.0	6.2	100.0	6.7	100.0	7.2	100.0

## Institutions of higher education:

Total public and nonpublic.....	24.7	100.0	29.2	100.0	35.0	100.0	40.2	100.0	44.9	100.0
Federal .....	4.1	16.6	4.8	16.4	5.5	15.7	6.1	15.2	6.5	14.5
State .....	6.4	25.9	7.9	27.1	10.1	28.9	11.8	29.3	13.5	30.0
Local .....	.9	3.6	1.2	4.1	1.5	4.3	1.8	4.5	2.1	4.7
All other .....	13.3	53.9	15.3	52.4	17.9	51.1	20.5	51.0	22.8	50.8
<hr/>										
Total public .....	15.8	100.0	19.1	100.0	23.2	100.0	26.8	100.0	30.1	100.0
Federal .....	2.4	15.0	2.9	15.0	3.4	14.7	3.8	14.2	4.1	13.7
State .....	6.3	40.0	7.7	40.8	9.8	42.4	11.5	43.0	13.1	43.5
Local .....	.8	5.1	1.1	5.5	1.4	6.0	1.7	6.3	2.0	6.5
All other .....	6.3	39.9	7.4	38.7	8.6	36.9	9.8	36.5	10.9	36.3
<hr/>										
Total nonpublic .....	8.9	100.0	10.1	100.0	11.8	100.0	13.4	100.0	14.8	100.0
Federal .....	1.7	18.8	1.9	18.6	2.1	18.1	2.3	17.3	2.4	16.5
State .....	.1	1.6	.2	2.0	.3	2.3	.3	2.4	.4	2.5
Local .....	.1	.7	.1	.5	.1	.7	.1	.8	.1	.8
All other .....	7.0	78.9	7.9	78.9	9.3	78.9	10.7	79.5	11.9	80.2

<sup>1</sup>In addition to regular schools, these figures include other elementary and secondary schools, such as residential schools for exceptional children, Federal schools for Indians, federally operated elementary and secondary schools on posts and subcollegiate departments of colleges.

\*Source: Data are based on statistics shown in U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, publications: *Statistics of State School Systems*, biennially 1963-64 through 1971-72; *Statistics of Public Schools*, annually fall 1964 through fall 1974; *Financial Statistics of Higher Education*, annually 1965-66 through 1972-73; and unpublished data in the National Center for Education Statistics.

**EXHIBIT 7-G: Gross National Product (GNP) Related  
to Total Expenditures for Education: 1929 to 1974**

Calendar year	Gross national product (in thousands)	School year	Expenditures for education <sup>1</sup>	
			Total (in thousands)	As a percent of gross national product
1929 . . . . .	\$103,095,000	1929-30	\$3,233,601	3.1
1933 . . . . .	55,601,000	1933-34	2,294,896	4.1
1937 . . . . .	90,446,000	1937-38	3,014,074	3.3
1941 . . . . .	124,540,000	1941-42	3,203,548	2.6
1945 . . . . .	212,010,000	1945-46	4,167,597	2.0
1949 . . . . .	256,484,000	1949-50	8,795,635	3.4
1953 . . . . .	364,593,000	1953-54	13,949,876	3.8
1957 . . . . .	441,134,000	1957-58	21,119,565	4.8
1961 . . . . .	520,109,000	1961-62	29,366,305	5.6
1965 . . . . .	684,884,000	1965-66	45,397,713	6.6
1969 . . . . .	930,284,000	1969-70	70,077,228	7.5
1971 . . . . .	1,054,915,000	1971-72	282,999,062	7.9
1972 . . . . .	1,157,966,000	1972-73	89,100,000	7.7
1973 . . . . .	1,294,919,000	1973-74	298,300,000	7.6
1974 . . . . .	1,597,400,000	1974-75	<sup>3</sup> 108,700,000	7.8

<sup>1</sup>Includes expenditures of public and nonpublic schools at all levels of education (elementary, secondary, and higher education).

<sup>2</sup>Revised since originally published.

<sup>3</sup>Estimated.

\*Sources: U.S. Department of Health, Education, and Welfare, Office of Education, *Statistics of State School Systems*; *Financial Statistics of Institutions of Higher Education*, and unpublished data; U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, July 1971, and July 1974.

(Continued from page 95)

provides for federal sharing of tax receipts with state and local units of general government. Education is specifically excluded from direct sharing in such a program under present law. However, state governments (and local governments, too) can use general revenue sharing funds for educational purposes if they so choose.

Such a use of general revenue sharing funds for educational purposes is not reflected in the data that reports the percentage of federal support for education. (For example, in 1975-76 Pennsylvania used \$56 million in general revenue sharing funds to make a one time acceleration in the payment of state subsidies for special education, \$2.5 million for private schools and \$26 million for transportation.)

Exhibit 7-O taken from the August 20, 1976, issue of PSBA *Information Legislative Service* portrays how federal tax funds are returned to the respective states. Pennsylvania ranks far down the list, receiving a return from the federal government of only 61 cents for every dollar of federal tax obtained from Pennsylvania.

#### State pupil decline

Exhibit 7-E on Page 96 illustrates the state-by-state decline in pupils nationally. State data taken from Department of Education statistics help to further define this trend in Pennsylvania. Exhibits 7-P shows the number of live births in the state. Exhibit 7-Q presents data regarding public school enrollment in the state. It should be noted that Weighted Average Daily Membership

(Continued on page 112)

#### EXHIBIT 7-H: Teachers in Elementary and Secondary Schools and Instructional Staff Members in Institutions of Higher Education: Selected Year, 1870 to 1974

(IN THOUSANDS)

School year ending	Elementary and secondary school instructional staff <sup>1</sup>			Higher education instructional staff		
	Total	Males	Females	Total	Males	Females
1870 .....	201	78	123	6	5	1
1880 .....	287	123	164	12	7	4
1890 .....	364	126	238	16	13	3
1900 .....	423	127	296	24	19	5
1910 .....	523	110	413	36	29	7
1920 .....	657	93	565	49	36	13
1930 .....	843	140	703	82	60	22
1940 .....	875	195	681	147	106	41
1950 .....	914	195	719	247	186	61
1960 .....	1,387	402	985	381	297	84
1970 .....	2,131	691	1,440	825	643	182
1974 .....	2,155	723	1,433			

<sup>1</sup>Includes teachers, librarians, and other nonsupervisory instructional staff.

\*Sources: U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Statistics of State School Systems*; *Faculty and Other Professional Staff in Institutions of Higher Education*.

EXHIBIT 7.1. Pupil Teacher Ratios in Elementary and Secondary Day Schools, by Control and by Organizational Level: Fall 1955 to Fall 1978

Year (fall)	Public (actual) <sup>1</sup>		Nonpublic (estimated) <sup>2</sup>	
	Elementary	Secondary	Elementary	Secondary
1955	30.2	20.9	40.4	15.7
1956	29.6	21.2	38.9	16.5
1957	29.1	21.3	38.5	17.9
1958	28.7	21.7	38.7	18.2
1959	28.7	21.5	38.8	18.5
1960	28.4	21.7	38.0	18.3
1961	28.3	21.7	37.4	18.6
1962	28.5	21.7	36.3	18.5
1963	28.4	21.5	35.3	18.5
1964	27.9	21.5	34.3	18.3
1965	27.6	20.8	33.5	18.1
1966	27.0	20.4	32.3	18.1
1967	26.3	20.3	31.1	18.1
1968	25.4	20.5	29.8	17.3
1969	24.8	20.0	27.9	17.1
1970	24.3	19.8	26.5	16.4
1971	24.0	19.3	25.5	16.3
1972	24.0	19.1	24.3	15.9
1973	22.9	19.3	23.4	15.6
1974	22.7	18.7	23.1	15.7
Projected <sup>4</sup>				
1975	22.4	18.6	22.6	15.7
1976	22.1	18.4	22.2	15.7
1977	21.8	18.3	21.8	15.7
1978	21.5	18.1	21.4	15.7

<sup>1</sup>Instructional staff and classroom teachers are not reported separately. All data unless otherwise indicated are estimated.

<sup>2</sup>Reported data from Office of Education surveys.

<sup>3</sup>Estimated on the basis of data from the National Education Association.

<sup>4</sup>Projections are based on the assumption that the pupil-teacher ratios will follow the 1963-1973 trend to 1983.

**Note:** Estimates of pupil-teacher ratios for nonpublic schools have been revised several times; the latest revisions have been presented for each year.

**\*Sources:** U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Projections of Educational Statistics*, 1966 edition for the 1955-56 data, 1968 edition for 1957-60 data, 1972 edition for 1961-63 data, and 1975 edition for 1964-78 figures.



EXHIBIT 7-J: Average Annual Salary of Instructional Staff<sup>1</sup> in Full-Time  
Public Elementary and Secondary Day Schools, by State: 1929-30 to 1974-75

State or other area	Unadjusted dollars					Adjusted dollars (1974-75 purchasing power) <sup>2</sup>					
	1929-30	1939-40	1949-50	1959-60	1969-70	1974-75 <sup>3</sup>	1929-30	1939-40	1949-50	1959-60	1969-70
	2	3	4	5	6	7	8	9	10	11	12
United States <sup>4</sup>	\$1,420	\$1,441	\$3,010	\$5,174	\$8,840	\$12,070	\$4,297	\$5,340	\$6,583	\$9,121	\$12,123
Alabama	792	744	2,111	4,002	6,954	9,503	2,397	2,757	4,017	7,055	9,537
Alaska	1,728	( <sup>5</sup> )	( <sup>5</sup> )	6,859	10,993	16,906	5,229	( <sup>5</sup> )	( <sup>5</sup> )	12,091	15,076
Arizona	1,337	1,544	3,556	5,590	8,975	11,168	4,954	5,722	7,777	9,854	12,308
Arkansas	673	884	1,801	3,295	6,445	<sup>9</sup> 9,021	2,036	2,164	3,939	5,808	8,839
California	2,123	2,351	( <sup>5</sup> )	<sup>7</sup> 6,600	9,980	14,915	6,424	8,713	( <sup>5</sup> )	<sup>7</sup> 11,634	13,687
Colorado	1,453	1,393	2,821	4,997	7,900	11,554	4,397	5,162	6,170	8,809	10,834
Connecticut	1,812	1,861	3,558	6,008	9,400	12,051	5,483	6,897	7,782	10,591	12,891
Delaware	1,570	1,684	3,273	<sup>7</sup> 5,800	9,300	12,110	4,751	6,241	7,158	<sup>7</sup> 10,224	12,754
District of Columbia	2,269	2,350	3,920	6,280	11,075	14,716	6,866	8,700	8,573	11,070	15,188
Florida	876	1,012	2,958	5,080	8,600	10,780	2,651	3,750	6,469	8,955	11,794
Georgia	684	770	1,963	<sup>8</sup> 3,904	7,372	10,641	2,070	2,854	4,293	<sup>8</sup> 6,882	10,110
Hawaii	1,812	( <sup>5</sup> )	( <sup>5</sup> )	5,390	9,829	13,665	5,483	( <sup>5</sup> )	( <sup>5</sup> )	9,501	13,479
Idaho	1,200	1,057	2,481	4,216	7,257	9,573	3,631	3,917	5,426	7,432	9,952
Illinois	1,630	1,700	3,458	<sup>9</sup> 5,814	9,950	13,469	4,932	6,300	7,563	<sup>8</sup> 10,249	13,645
Indiana	1,466	1,433	3,301	5,542	9,574	11,358	4,436	5,311	7,438	9,769	13,130

State or other area	Unadjusted dollars						Adjusted dollars (1974-75 purchasing power) <sup>2</sup>				
	1929-30	1939-40	1949-50	1959-60	1969-70	1974-75	1929-30	1939-40	1949-50	1959-60	1969-70
1	2	3	4	5	6	7	8	9	10	11	12
Iowa .....	1,094	1,017	2,429	<sup>7</sup> 4,030	8,200	10,598	3,310	3,769	5,293	<sup>7</sup> 7,104	11,245
Kansas .....	1,159	1,014	2,628	<sup>7</sup> 4,450	7,811	9,770	3,507	3,758	5,748	<sup>7</sup> 7,844	10,712
Kentucky .....	896	826	1,936	3,327	7,624	9,240	2,711	3,061	4,234	5,865	10,456
Louisiana .....	841	1,006	2,983	4,978	7,220	9,800	2,847	3,728	6,524	8,775	9,902
Maine .....	942	894	2,115	3,694	8,059	13,202	2,850	3,313	4,626	6,512	11,052
Maryland .....	1,518	1,642	3,594	5,557	9,885	13,282	4,593	6,085	7,860	9,796	13,556
Massachusetts .....	1,875	2,037	3,338	<sup>10</sup> 5,545	9,175	12,468	5,674	7,549	7,301	<sup>9</sup> 9,775	12,583
Michigan .....	1,534	1,576	3,420	5,654	10,125	14,224	4,642	5,841	7,480	9,967	13,885
Minnesota .....	1,251	1,276	3,013	5,275	9,957	12,852	3,786	4,729	6,590	9,299	13,655
Mississippi .....	620	559	1,416	3,314	6,012	8,338	1,876	2,072	3,097	5,842	8,245
Missouri .....	1,235	1,159	2,581	4,536	8,091	10,257	3,737	4,295	5,645	7,996	11,096
Montana .....	1,215	1,184	2,962	<sup>7</sup> 4,425	8,100	10,160	3,677	4,388	6,478	<sup>7</sup> 7,800	11,108
Nebraska .....	1,077	829	2,292	3,876	7,855	9,715	3,259	3,072	5,013	6,833	10,772
Nevada .....	1,483	1,557	3,209	5,693	9,689	12,854	4,488	5,770	7,018	10,036	13,287
New Hampshire .....	1,254	1,258	2,712	4,455	8,018	10,016	3,795	4,662	5,931	7,853	10,996

New Jersey	2,113	2,093	3,511	<sup>11</sup> 5,871	9,500	( <sup>9</sup> )	6,394	7,757	7,679	10,340	13,028
New Mexico	1,113	1,144	3,215	5,382	8,125	10,200	3,368	4,240	7,032	9,487	11,143
New York	2,493	2,604	3,706	6,537	10,200	<sup>12</sup> 15,000	7,544	9,650	8,105	11,523	13,988
North Carolina	873	946	2,688	4,178	7,744	11,275	2,642	3,596	5,879	7,365	10,620
North Dakota	900	745	2,324	3,695	6,900	9,176	2,723	2,761	5,083	6,514	9,463
Ohio	1,665	1,587	3,088	5,124	8,594	11,100	5,038	5,881	6,754	9,033	11,786
Oklahoma	1,070	1,014	2,736	4,659	7,139	9,208	3,238	3,758	5,984	8,213	9,970
Oregon	1,612	1,333	3,323	5,535	9,200	10,958	4,878	4,940	7,268	9,757	12,617
Pennsylvania	1,620	1,640	3,006	5,308	9,000	12,200	4,902	6,078	6,574	9,357	12,343
Rhode Island	1,437	1,809	3,294	<sup>11</sup> 5,400	8,900	12,885	4,348	6,704	7,204	<sup>11</sup> 9,694	12,205
South Carolina	758	743	1,891	3,450	7,000	9,770	2,384	2,754	4,136	6,082	9,600
South Dakota	956	897	2,064	3,725	6,700	8,860	2,393	2,991	4,514	6,566	9,188
Tennessee	902	862	2,302	3,929	7,290	9,878	2,729	3,195	5,035	6,926	9,998
Texas	924	1,079	3,122	4,708	7,503	10,136	2,796	3,999	6,828	8,299	10,290
Utah	1,330	1,094	3,103	5,096	8,049	10,150	4,025	5,166	6,787	8,983	11,038
Vermont	963	981	2,348	4,466	8,225	9,206	2,914	3,636	5,135	7,873	11,280
Virginia	861	899	2,328	4,312	8,200	11,279	2,605	3,332	5,092	7,601	11,245
Washington	1,556	1,706	3,487	<sup>11</sup> 5,643	9,500	12,538	4,708	6,322	7,626	<sup>11</sup> 9,947	13,028
West Virginia	1,023	1,170	2,425	3,952	7,850	9,124	3,096	4,336	5,304	6,967	10,765

State or other area  1	Unadjusted dollars						Adjusted dollars (1974-75 purchasing power) <sup>2</sup>				
	1929-30	1939-40	1949-50	1959-60	1969-70	1974-75 <sup>3</sup>	1929-30	1939-40	1949-50	1959-60	1969-70
	2	3	4	5	6	7	8	9	10	11	12
Washington	1,200	1,570	3,007	<sup>10</sup> 4,870	9,150	13,040	4,253	5,111	6,577	<sup>13</sup> 8,585	12,545
Wyoming	1,234	1,169	2,798	4,937	8,532	10,350	3,749	4,332	6,120	8,703	11,701
Outlying areas											
American Samoa	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	852	5,130	5,100	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	1,502	7,035
Canal Zone	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	6,034	10,400	16,190	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	10,637	14,263
Guam	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	4,107	7,800	17,980	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	7,240	10,697
Puerto Rico	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	<sup>6</sup> 2,360	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	4,161	( <sup>5</sup> )
Virgin Islands	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	3,407	( <sup>5</sup> )	11,354	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	6,906	( <sup>5</sup> )

<sup>1</sup>Includes supervisors, principals, classroom teachers, and other instructional staff.

<sup>2</sup>Based on the Consumer Price Index, prepared by the Bureau of Labor Statistics, U.S. Department of Labor.

<sup>3</sup>Estimated.

<sup>4</sup>Beginning in 1959-60, includes Alaska and Hawaii.

<sup>5</sup>Data not available.

<sup>6</sup>Includes professional noninstructional administrative staff.

<sup>7</sup>Partly estimated.

<sup>8</sup>Excludes kindergarten teachers.

<sup>9</sup>Includes administrators.

<sup>10</sup>Includes clerical assistants to instructional personnel.

<sup>11</sup>Includes attendance personnel.

<sup>12</sup>Salary data reported as median salary.

<sup>13</sup>Excludes vocational schools not operated as part of the regular public school system.

\*Sources: U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Statistics of State School Systems and Statistics of Public Elementary and Secondary Day Schools, Fall 1974*.

**EXHIBIT 7-K: Public School Instructional Staff and Full-Time Employees in all Industries 1929-30 to 1969-70**

School Year	Unadjusted dollars		Adjusted dollars (1974-75 purchasing power) <sup>1</sup>	
	Salary per member of instructional staff	Earnings per full-time employee working for wages or salary <sup>2</sup>	Salary per member of instructional staff	Earnings per full-time employee working for wages or salary <sup>2</sup>
1	2	3	4	5
1929-30 . . . . .	\$1,420	\$1,386	\$4,297	
1931-32 . . . . .	1,417	1,198	5,091	
1933-34 . . . . .	1,227	1,070	4,791	
1935-36 . . . . .	1,283	1,160	4,831	
1937-38 . . . . .	1,374	1,244	4,970	
1939-40 . . . . .	1,441	1,282	5,340	4,751
1941-42 . . . . .	1,507	1,576	5,010	5,240
1943-44 . . . . .	1,728	2,030	5,141	6,040
1945-46 . . . . .	1,995	2,272	5,668	6,455
1947-48 . . . . .	2,639	2,692	5,864	5,982
1949-50 . . . . .	3,010	2,930	6,583	6,408
1951-52 . . . . .	3,379	3,322	6,797	6,545
1953-54 . . . . .	3,825	3,628	7,396	7,015
1955-56 . . . . .	4,156	3,924	8,007	7,560
1957-58 . . . . .	4,702	4,276	8,520	7,749
1959-60 . . . . .	5,174	4,632	9,121	8,165
1961-62 . . . . .	5,700	4,928	9,818	8,488
1963-64 . . . . .	6,240	5,373	10,473	9,018
1965-66 . . . . .	6,935	5,838	11,249	9,469
1967-68 . . . . .	7,630	6,444	11,617	9,811
1969-70 . . . . .	8,840	7,334	12,123	10,058
1971-72 . . . . .	10,100	8,334	12,713	10,490
1973-74 <sup>3</sup> . . . . .	11,185	9,400	12,421	10,439
1974-75 <sup>3</sup> . . . . .	12,070	( <sup>4</sup> )	12,070	( <sup>4</sup> )

<sup>1</sup>Based on the Consumer Price Index, prepared by the Bureau of Labor Statistics, U.S. Department of Labor.

<sup>2</sup>Calendar-year data from the U.S. Department of Commerce have been converted to a school-year basis by averaging the two appropriate calendar years in each case.

<sup>3</sup>Estimated.

<sup>4</sup>Data not available.

\*Sources: (1) U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Statistics of State School Systems and Fall Statistics of Public Schools*; (2) U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, July issues through 1974; *U.S. Income and Output*; and *National Income*, 1954 edition.



**EXHIBIT 7-L: Number and Percent of Public School Pupils  
Transported at Public Expense, and Current Expenditures  
for Transportation: United States, 1929-30 to 1973-74**

School year	Total enrollment	Pupils transported at public expense		Expenditure of public funds	
		Number	Percent of total enrollment	Total, excluding capital outlay (in thousands)	Average cost per pupil transported
1	2	3	4	5	6
1929-30 .....	25,678,015	1,287,000	5.0	\$54,823	\$28.81
1931-32 .....	26,275,441	2,411,000	9.2	58,078	24.01
1933-34 .....	26,434,193	2,794,724	10.6	53,908	19.29
1935-36 .....	26,367,098	3,250,658	12.3	62,653	19.27
1937-38 .....	35,975,108	3,769,242	14.5	75,637	20.07
1939-40 .....	25,433,542	4,144,161	16.3	83,283	20.10
1941-42 .....	24,562,473	4,503,081	18.3	92,922	20.64
1943-44 .....	23,266,615	4,512,412	19.4	107,754	23.88
1945-46 .....	23,299,941	5,056,966	21.7	129,756	25.66
1947-48 .....	23,944,532	5,854,041	24.4	176,265	30.11

1949-50 .....	25,111,427	6,947,384	27.7	214,504	30.88
1951-52 .....	26,562,664	7,697,130	29.0	268,827	34.93
1953-54 .....	<sup>1</sup> 25,643,871	<sup>1</sup> 8,411,719	32.8	307,437	<sup>1</sup> 36.55
1955-56 .....	<sup>1</sup> 27,740,149	<sup>1</sup> 9,695,819	35.0	353,972	<sup>1</sup> 36.51
1957-58 .....	<sup>1</sup> 29,722,275	<sup>1</sup> 10,861,689	36.5	416,491	<sup>1</sup> 38.34
1959-60 .....	<sup>1</sup> 32,477,440	<sup>1</sup> 12,225,142	37.6	486,338	<sup>1</sup> 39.78
1961-62 .....	<sup>1</sup> 34,682,340	<sup>1</sup> 13,222,667	38.1	576,361	<sup>1</sup> 43.59
1963-64 .....	<sup>1</sup> 37,405,058	<sup>1</sup> 14,475,778	38.7	673,845	<sup>1</sup> 46.55
1965-66 .....	<sup>1</sup> 39,154,497	<sup>1</sup> 15,536,567	39.7	787,358	<sup>1</sup> 50.68
1967-68 .....	<sup>1</sup> 40,827,965	<sup>1</sup> 17,130,873	42.0	981,006	<sup>1</sup> 57.27
1969-70 .....	<sup>1</sup> 41,934,376	577	43.4	1,218,557	<sup>1</sup> 66.26
1971-72 .....	<sup>1</sup> 42,254,272	55	46.1	1,507,830	<sup>1</sup> 77.43
1973-74 .....	<sup>1</sup> 41,438,055	39	51.5	1,858,141	<sup>1</sup> 87.04

<sup>1</sup>Pupils in average daily attendance.

\*Source: U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Statistics of State School Systems*.

(Continued from page 103)

(WADM) is meaningful only for subsidy calculation purposes, but these data do enable the reader to determine the statistical effect that use of WADM brings about in relationship to real live students.

#### School buildings in the state

Over the past two decades, and most especially during the decade that followed school district reorganization and consolidation, Pennsylvania has built a large number of new school buildings.

#### Buildings, classrooms and pupils housed

Pennsylvania began the 1974-75 school year with 4,296 public school buildings. Having a record high of 98,307 classrooms, these buildings were to accommodate the commonwealth's greater than 2.2 million public school children. Although the total number of

#### EXHIBIT 7-M: Teachers in Work Stoppages: 1959 to 1973

Year	Number of stoppages	Workers involved	Man-days idle during year	Average no. of days idle per teacher
1959 .....	2	210	670	3
1960 .....	3	5,490	5,490	1
1961 .....	1	20	20	1
1962 .....	1	20,000	20,000	1
1963 .....	2	2,200	2,590	1
1964 .....	9	14,400	30,600	2
1965 .....	5	1,720	7,880	4
1966 .....	30	37,300	58,500	1
1967 .....	76	92,400	969,300	10½
1968 .....	88	145,000	2,180,000	15
1969 .....	183	105,000	412,000	4
1970 .....	152	94,800	935,600	10
1972 .....	87	33,900	207,300	6
1973 .....	117	51,400	620,700	12

**Note:** Data on stoppages and workers involved refer to stoppages beginning in the year; man-days idle refer to all stoppages in effect during the year. Because of rounding, sums of individual items may not equal totals.

\*Sources: U.S. Department of Labor, Bureau of Labor Statistics, *Work Stoppages in Government, 1958-68*, Report 348, 1970; *Work Stoppages in Government, 1973*, Report 437, 1975; *Government Work Stoppages, 1960, 1969, and 1970, 1971*.

**EXHIBIT 7-V: Number of Strikes\* in Public Schools  
in Pennsylvania (by School Year — July 1 to June 30)**

Calendar Year	Total Number of Strikes			Percentage of Total U.S. Public School Strikes Occurring in Pa.
	All Education	Public Schools	Pennsylvania	
1971	159**	145***	68****	47%
1972	187	171	48	28%
1973	224	210	43	20%
1974	210	202	61	30%
1975	(Not available until July 1976)		80	
<b>TOTAL</b>			<b>300</b>	

\* U.S. Department of Labor, Bureau of Labor Statistics.

\*\* Through calendar 1971, U.S. totals included work stoppages against all boards of education, and includes higher education and private school districts. From calendar 1972 on, a more detailed national breakdown allowed for the publication of a separate strike figure for strikes occurring in public schools.

\*\*\* Estimated because of incomplete breakdown by the Department of Labor.

\*\*\*\* Adjusted to correct prior information received.

buildings in service decreased by 54 since the beginning of the preceding school year, the number of available classrooms increased by 1,107 or 1.1%.

Exhibits 7-R and 7-S depict the nature of the public school buildings in the state and the period of construction for the existing buildings. Exhibit 7-S illustrates that almost 60% of Pennsylvania's public school students are housed in buildings built since 1950. (These data do not include vocational-technical facilities that normally are not considered the home school or place of primary enrollment.)

**Students decline-personnel follows**

Exhibit 7-Q on Page 116 shows the decline in students that began to take place in 1972-73 and that is projected to continue through 1983-84 according to Department of Education data. This is contrasted with the trailing decline in professional personnel depicted in Exhibit 7-T that also projects a continuing decline through 1983-84.

It should be noted, however, that the body of professional employees projected to be on hand in 1983-84 is 115,300, some 21,000 more than were on hand in 1964-65 when the student enrollment was slightly in excess of two million pupils whereas

1983-84 projections of student enrollment is at 1.6 million, or some 400,000 fewer students that will require 21,000 more professional employees.

- Exhibit 7-U further illustrates how class size has been reduced in Pennsylvania's public schools and shows the trend in pupil-teacher ratios, including those that are projected.

#### Cost of class size

The cost effect of reduced class size, assuming a stable average salary, is dramatic. Exhibit 7-V illustrates the effect of comparative class size found in several other states.

#### Personnel compensation

Reducing class size is one dimension of the cost problem that confronts local school officials. The national trend in salaries for

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#### EXHIBIT 7-O: Federal Funds Returned to States for Each Dollar of Taxes

Alaska	\$2.71	Tennessee	
Mississippi	2.34	Idaho	.87
New Mexico	1.96	Georgia	.86
North Dakota	1.94	Rhode Island	.86
Wyoming	1.93	Texas	.84
South Dakota	1.77	Iowa	.84
West Virginia	1.71	Maryland	.83
Hawaii	1.58	Massachusetts	.83
Utah	1.57	Oregon	.78
Arkansas	1.56	Kentucky	.77
Montana	1.56	Nevada	.75
New Jersey	1.51	Nebraska	.72
South Carolina	1.39	North Carolina	.70
Alabama	1.34	Missouri	.69
Maine	1.30	Wisconsin	.62
Arizona	1.29	<u>Pennsylvania</u>	<u>.61</u>
Washington	1.28	Indiana	.58
Vermont	1.27	Minnesota	.57
Virginia	1.26	Colorado	.56
New Hampshire	1.20	Connecticut	.51
Kansas	1.11	Ohio	.51
Louisiana	1.11	New York	.47
California	1.07	Illinois	.39
Oklahoma	1.04	Michigan	.36
Florida	.97	Delaware	.30

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**EXHIBIT 7-P: Pennsylvania's Resident Live Births:  
Actual 1964 - 1973 and Projected 1974 - 1978**

ACTUAL		PROJECTED	
Year	State Total	Year	State Total
1964 .....	218,515	1974 .....	146,700
1965 .....	204,105	1975 .....	141,900
1966 .....	195,869	1976 .....	133,400
1967 .....	188,706	1977 .....	142,700
1968 .....	185,729	1978 .....	141,900
1969 .....	185,046		
1970 .....	192,154		
1971 .....	180,939		
1972 .....	163,110		
1973 .....	153,272		

Source: Pennsylvania's Resident Live Births, Actual 1964-1973 and Projected 1974-1978.

educational professionals is illustrated in Exhibits 7-J and 7-K on pages 105-111. Exhibit 7-W illustrates the trend of 'median teachers' salaries from 1950-60 through 1974-75.

Exhibit 7-X presents data taken from the annual PSBA study of collective bargaining agreements (reported in the March-April, 1976, issue of *PSBA Bulletin*) which shows the statewide averages of salaries, workdays, and workyears for professional employees covered by such agreements.

#### General current expenditures

Exhibit 7-Y presents a 10-year comparison of general fund expenditures for public education in the state. Over this 10-year period total expenditures increased 157.5%. (The statewide expenditures for 1974-75 are broken down as portrayed in Exhibit 7-Z.)

#### Statewide revenues

Statewide revenues for public education for a five-year period are shown in Exhibit 7-AA. The statewide breakdown of source of revenue for the public schools for the year 1974-75 is shown in Exhibit 7-BB.

(Continued on page 121)



**Exhibit 7-Q: Pennsylvania's Average Daily Attendance, Average Daily Membership and Weighted Average Daily Membership in Public Schools: Actual 1964-65 to 1972-73 and Projected 1973-74 to 1983-84**

School Year	Average Daily Attendance	Average Daily Membership	Weighted Average Daily Membership
1964-65	2,024,781	2,145,971	—
1965-66	2,041,658	2,170,286	2,441,785
1966-67	2,083,484	2,213,115	2,487,565
1967-68	2,125,077	2,255,032	2,541,170
1968-69	2,148,245	2,302,847	2,591,562
1969-70	2,169,225	2,326,832	2,626,985
1970-71	2,171,555	2,340,535	2,645,896
1971-72	2,179,947	2,343,320	2,660,896
1972-73	2,152,456	2,339,817	2,638,044 <sup>a/</sup>

**PROJECTED**

1973-74	2,142,000	2,303,000	2,629,800 <sup>b/</sup>
1974-75	2,121,300	2,274,600	2,598,400 <sup>c/</sup>
1975-76	2,092,400	2,243,400	2,558,600
1976-77	2,052,400	2,200,500	2,514,100
1977-78	1,995,800	2,139,800	2,451,500
1978-79	1,932,000	2,071,400	2,378,200
1979-80	1,865,200	1,999,800	2,292,200
1980-81	1,803,500	1,933,600	2,214,700
1981-82	1,744,700	1,870,600	2,141,600
1982-83	1,690,400	1,812,400	2,076,800
1983-84	1,643,300	1,761,900	2,019,500

<sup>a/</sup> Was 2,659,862 without the penalties resulting from strikes.

<sup>b/</sup> The school districts have estimated 2,632,995.

<sup>c/</sup> The school districts have estimated 2,619,067.

\*Source: Pennsylvania's Average Daily Attendance, Average Daily Membership and Weighted Average Daily Membership in Public Schools: Actual 1964-65 to 1972-73 and Projected 1973-74 to 1983-84.

# EXHIBIT 7-R: Distribution of Classrooms in Pennsylvania's Publicly Owned School Buildings, 1974-75

Distribution by Number of Classrooms <sup>a/</sup> in Buildings	Total		Elementary		Secondary		Comb. Elem. and Sec.	
	No. of Bldgs.	No. of Pupils	No. of Bldgs.	No. of Pupils	No. of Bldgs.	No. of Pupils	No. of Bldgs.	No. of Pupils
Total	4,296 <sup>b/</sup>	2,320,792	2,864	1,022,750	1,039	1,028,476	393	269,566
0 Classrooms <sup>c/</sup>	13	51	3	51	3		7	
1 Classroom	18	436	15	411		25		
2-3 Classrooms	55	3,079	45	2,917		51	5	81
4-6 Classrooms	324	40,561			9			367
7-13 Classrooms	17				40	10,100	29	5,307
14-30 Classrooms	161	330,251	144	281,796	71	32,220	46	16,235
31-40 Classrooms	1,365	898,768	703	421,425	458	343,015	204	134,327
40-59 Classrooms	411	461,161	43	44,996	298	341,101	70	75,064
60-79 Classrooms	108	174,497	1	1,024	91	151,378	16	22,095
80 or More Classrooms	68	167,030			61	150,940	7	16,090

The number of Classrooms<sup>a/</sup> in Pennsylvania in

Elementary Buildings 44,516

Secondary Buildings 41,666

Combined Buildings 12,125

Total 98,307

<sup>a/</sup> Includes regular classrooms, kindergartens, science laboratories, industrial and vocational shops, home economics rooms, music rooms, business education rooms and art rooms.

<sup>b/</sup> Between September 1973 and September 1974, there were 119 buildings deactivated and 43 new and 22 reactivated buildings placed on record.

<sup>c/</sup> Gymnasiums, libraries, auditoriums and cafeteria buildings.

\*Source: Distribution of Classrooms in Pennsylvania's Publicly Owned School Buildings, 1974-75.

# Percent of Buildings Constructed

# Percent of Pupils Housed

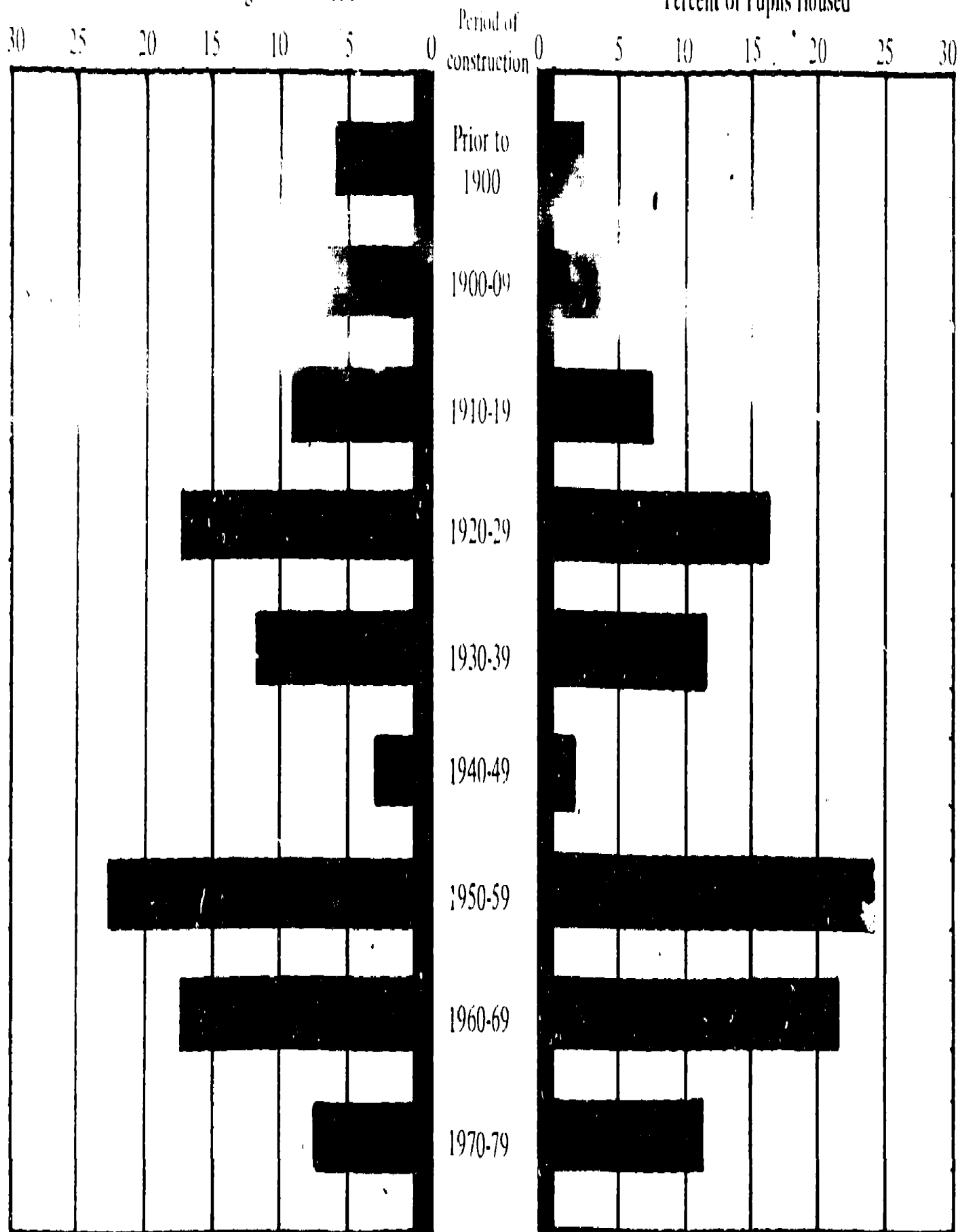


EXHIBIT 7-S: Percent of Buildings Constructed Compared with Percent of Pupils Housed When Classified by Period of Construction

**EXHIBIT 7-T: Pennsylvania's Public School  
Professional Personnel by Function: Actual 1964-65  
to 1973-74 and Projected 1974-75 to 1983-84**

Year	All Professional Personnel	Classroom Teachers	Administrative and Supervisory Personnel	Coordinate Services Personnel	Others
1964-65	94,399	84,012	4,701	5,207	279
1965-66	96,544	85,800	4,882	5,579	283
1966-67	101,853	90,140	5,065	6,157	491
1967-68 <sup>a/</sup>	109,500	95,500	5,900	7,200	900
1968-69	117,198	100,959	6,656	8,306	1,277
1969-70	122,040	106,104	5,924	8,900	1,112
1970-71	124,606	108,772	6,031	9,066	737
1971-72	125,144	109,035	5,950	8,886	1,273
1972-73	128,338	111,682	6,145	9,187	1,324
1973-74	130,423	113,089	6,239	9,546	1,549
<b>PROJECTED</b>					
1974-75	130,200	113,300	6,200	9,500	1,200
1975-76	130,200	113,300	6,200	9,500	1,200
1976-77	129,900	113,000	6,200	9,500	1,200
1977-78	128,900	112,100	6,200	9,400	1,200
1978-79	127,700	111,100	6,100	9,300	1,200
1979-80	124,700	108,500	6,000	9,100	1,100
1980-81	122,000	106,200	5,800	8,900	1,100
1981-82	119,400	103,900	5,700	8,700	1,100
1982-83	117,100	101,900	5,600	8,600	1,000
1983-84	115,300	100,300	5,500	8,500	1,000

<sup>a/</sup> All 1967-68 data are estimated.

\*Source: Pennsylvania's Public School Professional Personnel by Function: Actual 1964-65 to 1973-74 and Projected 1974-75 to 1983-84.

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**EXHIBIT 7-U: Pupil-Teacher and Staff-Pupil Ratios**

Pennsylvania's pupil-classroom teacher ratio and staff per thousand pupils in public schools: actual 1965-66 to 1974-75 and projected 1975-76 to 1984-85

ACTUAL			PROJECTED		
Year	Ratio	Staff/1000	Year	Ratio	Staff/1000
1965-66	25.5 to 1	44.2	1975-76	19 to 1	59
1966-67	24.7 to 1	45.8	1976-77	19 to 1	60
1967-68	23.9 to 1	48.1	1977-78	19 to 1	62
1968-69	22.9 to 1	50.8	1978-79	18 to 1	63
1969-70	22.1 to 1	52.0	1979-80	18 to 1	65
1970-71	21.7 to 1	52.7	1980-81	18 to 1	66
1971-72	21.7 to 1	52.8	1981-82	17 to 1	67
1972-73	21.1 to 1	54.4	1982-83	17 to 1	67
1973-74	20.5 to 1	56.2	1983-84	17 to 1	67
1974-75	19.7 to 1	58.6	1984-85	17 to 1	67

\*Source: Pennsylvania's Pupil-Classroom Teacher Ratio and Staff Per Thousand Pupils in Public Schools: Actual 1965-66 to 1974-75 and Projected 1975-76 to 1984-85 (Department of Education).

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**EXHIBIT 7-V: 1972-73 Comparison  
of Class Size and Cost Effect**

<b>Pennsylvania</b>	21.1 to one
Savings (or added cost) if Pennsylvania had used other state ratio	
<b>California</b>	27.2 to one
\$350 million savings	
<b>Ohio</b>	24.4 to one
\$200 million savings	
<b>New York</b>	19.0 to one
\$130 million additional cost	

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(Continued from page 115)

An often used measure of tax effort at the local level is the device of converting all local taxes into equivalent mills of tax based on market value of property in the district. Such a tabulation for all 505 school districts would be longer than desirable for a publication such as this. However, a county-by-county tabulation does present a picture of the range of local tax effort that such a comparison provides. Exhibit 7-CC shows that the lowest local effort, by this measure, occurred in Wayne County with a tax effort of 14.7 mills. The highest local effort occurred in Bucks County with a tax effort of 32.3 mills, more than double the rate of the lowest tax effort.

#### One final measure

As a final comparison, and perhaps among the most meaningful comparisons in the various comparative data presented in this handbook, national and state-by-state data illustrates the relative percentage of personal income utilized to support public education.

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#### EXHIBIT 7-W: Median Teachers' Salaries, Pennsylvania 1959-60 to 1974-75

Year	Elementary	Secondary	All Teachers
1959-60 .....	\$ 5,108	\$ 5,461	\$ 5,254
1960-61 .....	5,366	5,596	5,479
1961-62 .....	5,519	5,574	5,630
1962-63 .....	5,737	5,980	5,846
1963-64 .....	6,105	6,246	6,123
1964-65 .....	6,310	6,529	6,432
1965-66 .....	6,594	6,850	6,721
1966-67 .....	6,837	7,098	6,964
1967-68 .....	7,314	7,499	7,404
1968-69 .....	7,757	7,979	7,868
1969-70 .....	8,444	8,730	8,597
1970-71 .....	8,904	9,126	9,023
1971-72 .....	9,298	9,729	9,540
1972-73 .....	9,828	10,284	10,086
1973-74 .....	9,960	11,204	10,679
1974-75 .....	10,976	11,659	11,355

\*Source: Median Teachers' Salaries, Pennsylvania, 1959-60 to 1974-75.



The national average for 1974-75 was 5.35% of personal income. Pennsylvania's expenditures were above the national average at 5.50% of personal income. This compares with 4.64% in Ohio, 6.28% in New York, 5.29% in New Jersey, 5.79% in Maryland, the lowest ratio in Kentucky at 4.19%, and the highest ratio in Alaska at 7.75%. Exhibit 7-DD presents the state-by-state comparison.

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**EXHIBIT 7-X: Teachers' Work  
Year and Normal Workday.**

The average number of workdays in the teachers' normal work year has remained at 185 days since the enactment of Act 195 in 1970.

The majority of school district contracts noted a normal teacher workday of seven and a-half hours. The statistical average was reported at seven hours and 26 minutes, one minute under the 1974-75 average. Allowing for the state mandated one-half hour duty free lunch period, the average teacher workweek during 1975-76 was 34 hours, 40 minutes.

Number of Teachers' Workdays	Percentage of Districts
181 or fewer	3%
182-183	27%
184-185	41%
186-187	12%
188-189	9%
190 or more	8%
Teachers' Normal Workday*	Percentage of Districts
6½ - 7 hours	3%
7 - 7½ hours	30%
7½ - 8 hours	64%
8 hours or more	3%

\* Includes 30-minute duty free lunch

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**EXHIBIT 7-Y: 10-Year Comparison of General Fund Expenditure for Public Education**

**10-YEAR COMPARISON**

Function	1965-66	1974-75	Percent of Increase
Total Expenditures	\$1,240,598,079	\$3,195,138,660	+157.5%
Current Expenditures	1,066,335,120	2,780,437,775	+160.7
Administration	48,876,831	106,413,702	+117.7
Instruction	742,295,090	1,724,997,008	+132.3
Pupil Transportation	44,076,730	134,874,056	+205.9
Operation & Maint. of Plant	131,555,376	389,310,057	+195.9
Fixed Charges	60,068,109	252,898,312	+321.0
Debt Service	147,517,236	359,247,378	+143.5
Capital Outlay	26,745,723	55,453,507	+107.3

Distribution	Number of Districts	Percentage		
\$1900 and above	9	1.8%		
1800-1899	8	1.6		
1700-1799	7	1.4		
1600-1699	14	2.8		
1500-1599	39	7.7	High	\$2,131.63
1400-1499	61	12.1	Low	\$ 961.53
1300-1399	97	19.3	Mean	\$1,425.39
1200-1299	116	23.0	Median	\$1,286.44
1100-1199	102	20.2		
1000-1099	46	9.1		
900-999		1.0		
Below \$900	0	0.0		
	504*	100.0%		

\*Bryn Athyn (Montgomery County) not included.

\*Source: Distribution of School Districts by Expenditures Per ADM, 1974-75.

## EXHIBIT 7-Z: Expenditures - 1974-75

General Fund Expenditures totaled \$3,195,138,660, an increase of \$188,099,124, or 9.9 percent over the 1973-74 fiscal year. This total breakdown - by function - includes: \$3,195,138,660 (100%)

Administration	106,413,702	( 3.3)
Instruction	1,724,997,008	(54.0)
Pupil Personnel Services	78,045,667	( 2.5)
Health Services	37,377,129	( 1.2)
Pupil Transportation	134,874,056	( 4.2)
Operation & Maint. of Plant	389,310,057	(12.2)
Fixed Charges	252,898,312	( 7.9)
Food Services	10,101,784	( 0.3)
Student-body Activities	33,203,405	( 1.0)
Community Services	13,216,655	( 0.4)
Capital Outlay	55,453,507	( 1.7)
Debt Service	359,247,578	(11.3)

Worth noting is the fact that the function of administration (3.3%) has shown a steady decline over the past five years and has reached its lowest point in a decade.

The state totals of school districts expenditures by function calculated on an average daily membership basis (ADM) indicates:

1974-75	\$ Per ADM
Administration	\$ 47.12
Instruction	771.15
Pupil Personnel Services	34.68
Health Services	16.94
Transportation	60.62
Operation & Maint. of Plant	173.21
Fixed Charges	112.89
Food Services	4.55
Student Activities	15.09
Community Services	6.04
Capital Outlay	23.39
Debt Service	159.71
Average Total Expenditure per ADM	\$1,425.39

Current Expenditures per ADM - \$1,242.29 (excludes Capital Outlay and Debt Service).

# EXHIBIT 7-AA: General Funds Revenue of School Districts by Source of Funds 1970-71 to 1974-75

	Total Revenue	LOCAL		STATE		FEDERAL	
		Amount	Percent	Amount	Percent	Amount	Percent
1970-71	2,276,970,178	1,173,849,281	51.5	994,047,036	43.7	109,073,861	4.8
1971-72	2,584,850,762	1,292,274,938	50.0	1,154,876,161	44.7	137,699,663	5.3
1972-73	2,811,317,338	1,371,092,748	48.8	1,239,946,413	44.1	200,278,177	7.1
1973-74	2,956,192,294	1,500,788,862	50.8	1,290,355,343	43.6	165,048,089	5.6
1974-75	3,237,054,109	1,614,494,447	49.9	1,446,832,760	44.7	175,726,902	5.4

\*Source: General Funds Revenue of School Districts by Source of Funds 1970-71 to 1974-75.

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## EXHIBIT 7-BB: Taxation

Total taxes collected for school purposes have increased \$111,049,600 from 1973-74 to 1974-75 to a record high of \$1,539,204,750 (an increase of 7.8% over the previous year).

A breakdown of taxes collected indicates:

	\$1,539,204,750	(100%)
Real Estate Taxes	1,187,537,106	(77.1)
Public Utility Realty	10,892,164	(.7)
Per Capita (School Code)	16,327,388	(1.1)
Act 511 taxes	226,144,402	(14.7)
Special taxes (Phila. & Pgh.)	52,035,323	(3.4)
Delinquent taxes	44,351,291	(2.9)
Payments in Lieu of Taxes	1,917,076	(.1)

Next to the Real Estate Tax Act, Act 511 taxes produce the second largest amount of monies. 1974-75 Act 511 taxes breakdown as follows:

	\$226,144,462	(100%)
Wage and Income	142,041,969	(62.8)
Per Capita	18,663,094	(8.3)
Real Estate Transfer	20,905,650	(9.3)
Occupation	33,709,884	(14.8)
Occupation Privilege	5,723,288	(2.5)
Amusement	1,435,424	(.6)
Mercantile	3,038,005	(1.3)
Trailer	82,379	(*)
Mechanical Devices	2,923	(*)
Others	541,786	(.3)

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# EXHIBIT 7 CC: Local Budgeted School Taxes, Market Value and Tax Effort in Mills on Market Value by County, 1973-74

County	\$ Total	\$ Real Estate Current Interim	\$ Public Utility	\$ Per Capita	\$ Act 511	\$ Other	\$ 1972 Market Value	Taxes as Mills on Market Value	Rank in Mills on Market Value
Adams .....	6,042,515	3,850,888	46,300	154,627	1,914,038	76,862	298,467,700	20.2	56
Allegheny .....	218,740,289	174,787,450	1,653,490	931,341	21,191,562	20,176,416	8,422,908,900	26.0	16
Armstrong .....	7,498,500	4,955,602	38,000	200,854	2,075,552	228,492	262,857,300	28.5	5
Beaver .....	24,691,049	19,616,442	192,825	433,453	3,770,917	677,412	987,118,900	25.0	24
Bedford .....	3,164,250	2,103,775	25,498	112,190	813,442	109,345	155,852,600	20.3	55
Berks .....	40,821,169	31,235,102	295,017	844,340	7,316,485	1,130,225	1,524,388,900	26.8	12
Bloom .....	10,432,477	7,002,587	99,591	297,785	2,734,197	298,317	484,843,500	21.5	47
Bolton .....	5,566,147	3,718,251	40,243	157,394	1,439,194	211,065	206,494,700	27.0	11
Bucks .....	80,045,298	69,023,937	549,546	580,475	8,235,208	1,656,132	2,474,804,900	32.3	1
Butler .....	14,134,161	11,168,689	53,100	311,044	2,377,078	224,250	555,728,300	25.4	21
Cambria .....	15,408,109	11,284,507	123,620	345,327	3,118,028	536,627	552,478,700	27.9	7
Cameron .....	606,971	440,771	5,700	15,000	95,000	50,500	28,732,900	21.1	52
Carbon .....	4,199,560	2,997,038	32,500	135,646	964,746	69,630	175,763,800	23.9	35
Cecil .....	10,186,057	6,660,366	86,041	167,629	2,890,360	381,661	381,670,300	26.7	13
Chesapeake .....	52,628,526	44,776,626	412,519	551,744	5,514,186	1,373,451	1,732,498,200	30.4	2
Clinton .....	3,300,746	1,955,795	16,600	115,373	1,183,901	29,077	144,094,400	22.9	40
Crawford .....	6,349,846	4,385,811	51,242	198,505	1,375,605	338,683	265,777,200	23.9	35
Cumberland .....	2,351,000	1,212,000	21,000	81,000	956,000	81,000	125,470,600	18.7	63
Columbia .....	5,895,277	3,869,688	35,006	188,570	1,694,903	107,110	244,501,400	24.1	33
Franklin .....	6,188,298	4,676,011	50,300	94,402	1,109,048	258,537	275,326,800	22.5	42
Frederick .....	23,381,216	14,819,414	162,540	476,051	7,662,105	261,106	940,541,100	24.9	26
Garrettsville .....	27,516,456	16,921,180	159,013	486,742	9,110,467	839,054	1,060,169,800	26.0	16
Geauga .....	85,257,101	81,093,851	723,000	154,000	1,705,074	1,581,176	2,961,154,700	28.8	4



County	\$				\$ Per Capita	\$ Act 511	\$ Other	\$ 1972 Market Value	Taxes as Mills on Market Value	Rank in Mills on Market Value
	\$ Total	Current Interim	Public Utility							
Elk .....	3,342,401	2,153,611	26,718	36,000	985,920	140,152	147,604,200	22.6	41	
Frie .....	34,557,040	27,942,419	269,382	244,568	5,036,036	1,064,635	1,316,763,100	26.2	15	
Layette .....	7,678,632	4,995,741	58,737	245,788	1,958,165	420,200	388,144,100	19.8	61	
Forest .....	656,512	454,517	-	-	128,000	73,995	30,928,800	21.2	51	
Franklin .....	9,372,315	6,698,627	79,263	240,143	2,116,670	237,612	437,715,000	21.4	49	
Fulton .....	640,913	435,169	2,600	24,825	152,215	26,104	38,115,000	16.8	66	
Greene .....	3,508,986	2,951,347	35,255	80,945	367,557	73,982	163,034,400	21.5	47	
Huntingdon .....	2,286,406	1,480,549	15,500	77,590	551,367	161,400	113,641,300	20.1	59	
Indiana .....	6,862,172	4,624,347	50,965	170,441	1,825,876	190,543	277,478,500	24.7	28	
Jefferson .....	2,993,877	1,764,564	22,219	95,242	1,029,399	82,453	116,099,700	25.8	18	
Junata .....	957,718	540,558	7,500	42,274	360,426	6,960	52,203,400	18.3	65	
Lackawanna .....	20,147,461	14,951,116	143,200	63,000	4,099,000	891,145	735,508,300	27.4	10	
Lancaster .....	41,423,318	29,028,799	319,622	736,814	10,887,022	451,561	1,677,466,600	24.7	28	
Lawrence .....	9,529,877	6,940,364	87,832	250,473	1,948,627	302,581	415,135,500	23.0	39	
Lebanon .....	11,688,816	8,916,323	74,859	266,890	2,161,140	269,604	422,741,600	27.7	9	
Lehigh .....	32,518,037	24,504,102	219,717	645,634	6,412,204	736,380	1,170,006,300	27.8	8	
Luzerne .....	25,437,654	18,158,999	198,295	377,418	5,785,068	917,874	1,151,562,000	22.1	43	
Lycoming .....	12,569,860	6,714,960	88,150	299,820	5,188,541	278,389	498,474,400	25.2	22	
McKean .....	4,656,727	3,540,854	40,413	116,880	719,880	238,700	186,355,900	25.0	24	
Mercer .....	13,798,328	10,746,516	80,427	310,545	2,426,482	234,358	583,537,500	23.6	37	
Mifflin .....	2,909,978	2,103,564	29,719	102,292	647,292	27,111	145,605,100	20.0	60	
Monroe .....	9,910,736	8,044,313	136,500	58,000	1,353,271	318,652	455,860,800	21.7	46	
Montgomery .....	137,501,967	125,027,409	1,051,120	838,607	7,624,203	2,960,628	4,679,204,400	29.4	3	
Montour .....	1,369,967	745,734	10,000	34,000	559,700	20,533	64,348,900	21.3	50	
Northampton .....	33,191,184	25,175,646	254,066	592,416	6,088,481	1,080,575	1,176,978,100	28.2	6	
Northumberland ...	6,763,251	3,336,611	51,500	227,113	2,858,368	289,659	278,225,800	24.3	31	
Perry .....	1,871,977	766,371	7,767	85,560	972,274	40,005	92,490,200	20.2	56	

Piedmont .....	144,589,000	192,600,000	1,600,000			40,380,009	7,616,963,200	19.0	62
Pike .....	1,682,411	1,540,529	11,000		85,000	46,882	91,038,400	18.5	64
Putnam .....	1,040,708	721,407	5,258	39,895	155,882	118,266	50,854,200	20.5	54
Schockville .....	10,705,512	6,680,157	79,991	372,379	3,234,963	338,022	440,011,300	24.3	31
Sevier .....	2,266,097	1,906,268	10,634	72,713	1,136,442	40,040	108,131,700	21.0	53
Sevier .....	8,339,706	3,665,897	29,941	187,354	1,258,387	198,127	263,856,100	20.2	56
Sullivan .....	671,516	510,516	5,000	16,500	131,500	8,000	30,528,700	22.0	45
Susquhartha .....	3,034,146	2,482,672	24,230	100,217	270,132	156,895	137,364,900	22.1	43
Tipton .....	3,911,888	2,906,398	16,400	84,201	720,689	184,200	122,843,500	24.5	30
Union .....	2,294,839	1,137,550	15,975	57,100	1,051,700	32,514	95,238,500	24.1	33
Venango .....	6,096,485	1,146,365	40,300	158,024	1,511,024	240,772	231,146,900	26.4	14
Warren .....	4,869,664	3,344,265	48,000	106,399	803,000	268,000	178,977,100	25.5	19
Washington .....	19,779,915	15,321,866	143,620	342,860	3,610,695	360,874	856,243,900	23.1	38
Wayne .....	4,411,901	3,749,681	20,120	78,693	422,165	141,242	300,263,800	14.7	67
Westmoreland .....	40,525,728	31,644,643	252,080	860,237	6,602,519	1,166,249	1,586,877,200	25.5	19
Wyoming .....	2,331,388	1,936,196	18,564	51,704	251,704	73,220	93,050,100	25.1	23
York .....	33,559,191	25,050,833	247,122	727,146	6,862,246	671,844	1,354,454,100	24.8	27
State Total .....	1,378,453,393	1,072,844,055	10,802,252	16,552,192	191,598,328	86,656,566	54,634,718,700	25.2	

\*Source: Local Budgeted School Taxes, Market Value and Tax Effort in Mills on Market Value by County, 1973-74.

# EXHIBIT 7-DD: Personal Income, 1974, Related to Public School Expenditures by State: 1974-75

State	Personal income		Total expenditures for public elementary and secondary education <sup>1</sup>		Current expenditures for public elementary and secondary day schools	
	Total (in millions)	Per capita	Amount (in thousands)	As a percent of personal income	Amount (in thousands)	As a percent of personal income
1	2	3	4	5	6	7
United States . . . . .	\$1,151,622	\$5,448	\$61,629,000	5.35	\$51,975,000	4.51
Alabama . . . . .	15,076	4,215	674,458	4.47	626,758	4.16
Alaska . . . . .	2,380	7,062	184,335	7.75	130,734	5.49
Arizona . . . . .	11,039	5,127	713,694	6.47	543,017	4.92
Arkansas . . . . .	8,660	4,200	455,785	5.26	374,629	4.33
California . . . . .	126,118	6,032	6,934,627	5.50	5,235,504	4.15
Colorado . . . . .	13,765	5,515	758,520	5.51	632,020	4.59
Connecticut . . . . .	19,934	6,455	979,000	4.91	915,000	4.59
Delaware . . . . .	3,614	6,306	205,260	5.68	175,560	4.86
District of Columbia . . . . .	5,093	7,044	241,277	4.74	215,471	4.23
Florida . . . . .	43,816	5,416	1,963,447	4.48	<sup>2</sup> 1,613,350	3.68
Georgia . . . . .	23,196	4,751	1,082,054	4.67	979,834	4.22
Hawaii . . . . .	5,105	6,042	262,523	5.14	221,578	4.34
Idaho . . . . .	3,929	4,918	214,281	4.36	158,084	3.21
Illinois . . . . .	69,396	6,234	3,425,224	4.94	2,778,460	4.00
Indiana . . . . .	27,631	5,184	1,405,418	5.09	1,144,888	4.14

Iowa .....	15,072	5,279	504,820	5.34	713,000	4.73
Kansas .....	12,485	5,500	674,764	5.41	582,307	4.66
Kentucky .....	14,912	4,442	625,300	4.19	560,900	3.76
Louisiana .....	16,528	4,391	882,400	5.34	785,500	4.75
Maine .....	4,806	4,590	264,540	5.50	228,960	4.76
Maryland .....	24,329	5,943	1,409,534	5.79	1,082,252	4.45
Massachusetts .....	33,391	5,757	1,630,500	4.88	1,445,000	4.33
Michigan .....	53,520	5,883	3,449,978	6.45	2,973,242	5.56
Minnesota .....	21,238	5,422	1,482,076	6.98	1,220,083	5.75
Mississippi .....	8,839	3,803	477,269	5.40	396,887	4.49
Missouri .....	24,056	5,036	1,101,704	4.58	947,643	3.94
Montana .....	3,643	4,956	221,600	6.08	202,000	5.55
Nebraska .....	8,144	5,278	412,903	5.07	361,307	4.44
Nevada .....	3,447	6,016	167,300	4.85	138,700	4.02
New Hampshire .....	3,995	4,944	186,926	4.68	174,183	4.36
New Jersey .....	45,790	6,247	<sup>3</sup> 2,420,234	5.29	<sup>3</sup> 2,165,103	4.73
New Mexico .....	4,642	4,137	356,140	7.67	283,006	6.10
New York .....	111,541	6,159	7,006,500	6.28	6,080,000	5.45
North Carolina .....	25,017	4,665	1,443,489	5.77	1,168,188	4.67
North Dakota .....	3,556	5,583	156,971	4.41	132,571	3.73
Ohio .....	59,245	5,518	2,749,000	4.64	2,425,000	4.09
Oklahoma .....	12,409	4,581	634,200	5.11	560,000	4.51
Oregon .....	11,973	5,284	717,425	5.99	621,870	5.19
Pennsylvania .....	64,471	5,447	3,547,927	5.50	3,067,901	4.76
Rhode Island .....	5,006	5,343	280,609	5.61	250,759	5.01

State	Personal income <sup>1</sup>		Total expenditures for public elementary and secondary education <sup>2</sup>		Current expenditures for public elementary and secondary day schools	
	Total (in millions)	Per capita	Amount (in thousands)	As a percent of personal income	Amount (in thousands)	As a percent of personal income
1	2	3	4	5	6	7
South Carolina	12,003	4,311	648,470	5.40	559,090	4.66
South Dakota	8,195	4,685	157,070	4.92	141,920	4.44
Tennessee	18,789	4,551	834,564	4.44	744,064	3.96
Texas	59,669	4,952	2,698,413	4.52	2,244,413	3.76
Utah	5,247	4,473	369,992	7.05	270,115	5.15
Vermont	2,131	4,534	126,937	5.96	109,577	5.14
Virginia	26,205	5,339	1,270,647	4.85	1,068,354	4.08
Washington	19,849	5,710	1,085,480	5.47	877,365	4.42
West Virginia	7,829	4,372	383,660	4.90	338,571	4.33
Wisconsin	23,957	5,247	1,333,962	5.57	<sup>2</sup> 1,202,565	5.02
Wyoming	1,940	5,404	115,793	5.97	108,717	5.60

<sup>1</sup>Includes current expenditures, capital outlay, and interest.

<sup>2</sup>Includes expenditures for summer schools.

<sup>3</sup>Estimated by the National Center for Education Statistics.

Note: Because of rounding, details may not add to totals.

\*Sources: (1) U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Statistics of Public Elementary and Secondary Day Schools, Fall 1974*. (2) U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, August 1975.

## ***School financing and the future***

*Public education, along with other public services, must compete for appropriate funding from local, state and federal tax resources. This chapter focuses on some of the factors that will influence future education costs.*

The various data found in Chapter Six illustrated rather well the present level of financing public education in Pennsylvania compared to other selected states. FSBA's annual survey found that the support out of local tax resources for public schools ranged from a high of about 76% in Connecticut to a low of about 25% in Delaware. Pennsylvania ranked 10th, about 48%, which shows that other states obtain more public school support from local tax sources than did the Keystone State. However, Pennsylvania ranked second in its overall support for public education among the selected 15 states.

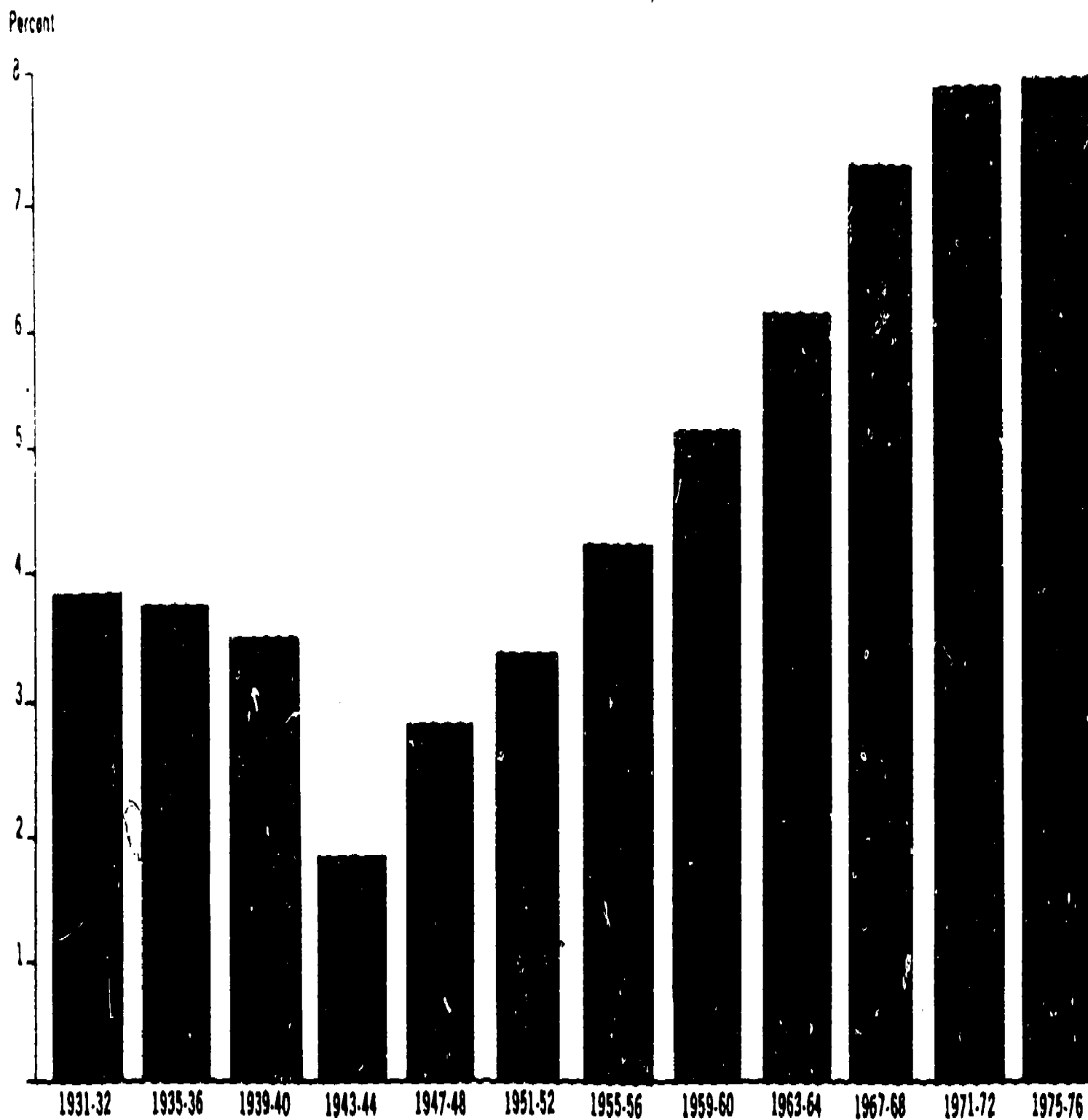
### **GNP versus GSP**

Public education, along with other public services, must compete for appropriate support from local, state, and federal tax sources. Ultimately education, health care, welfare, police protection and fire protection, and all other public services vie for a share of the taxpayers' dollars. Chapter Seven reviews in some detail data relative to national and state expenditures for public education. However, the comparisons of national educational expenditures as a percentage of the Gross National Product (GNP) contrasted with state educational expenditures as a percentage of Gross State Product (GSP) may be helpful here.

National data from the United States Department of Health, Education and Welfare shows that expenditures for public and nonpublic schools at all levels of education from preprimary through graduate school are expected to exceed \$119 billion during the school year that ended June 30, 1976. Total spending



# EXHIBIT 8-A: Total Expenditures for Education as a Percentage of the Gross National Product: United States, 1931-32 to 1975-76



131 SOURCES: U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, Statistics of State School Systems; Financial Statistics of Institutions of Higher Education; and unpublished data, U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, January 1976 and national income issues of previous years.

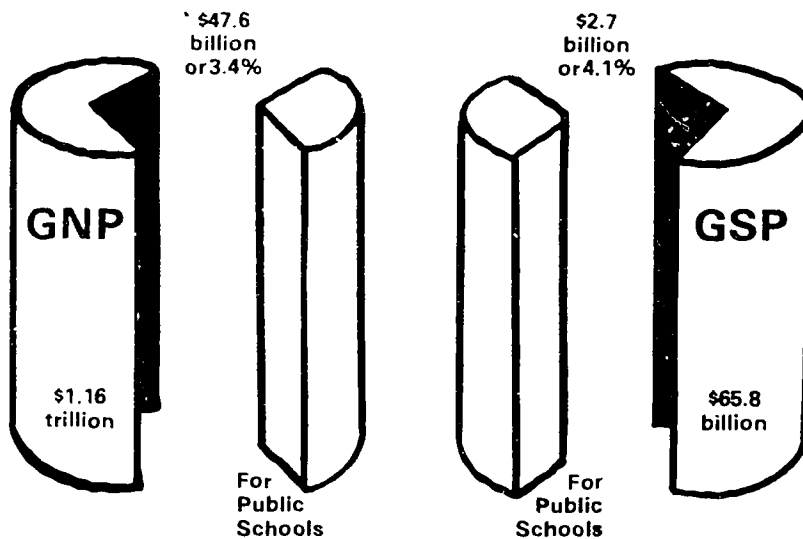
has risen rapidly in recent years, reflecting the growth of the population in the high school and college age groups, as well as the increased efforts of the nation to provide quality education for its young people.

Expenditures during the present school year are more than twice the \$57.2 billion expended in 1967-68 and nearly five times the \$24.7 billion spent in 1959-60. These comparisons, of course, do not allow for the effects of inflationary pressures upon the purchasing power of the dollar through the years. These comparisons of national expenditures are shown in Exhibit 8-A.

Until recently, comparative state data were not available. For the 1975 PSBA School Finance Workshop at Bucknell University, PSBA Executive Director Fred M. Hedding obtained data from the Wharton School of Finance at the University of Pennsylvania that allows for comparison of state expenditures with national expenditures. The percentage of Gross State Product represented by education expenditures is shown in Exhibit 8-B.

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**EXHIBIT 8-B: Comparison of State  
and National Expenditures for Education**



### Future trends

The question exists of where and how additional monies may be made available to support education when there appears a strong probability that additional demands on education will result from court decisions, federal requirements, State Legislature actions, actions by employe organizations and action by local publics.

Certain trends are evident. Student enrollments are decreasing. It is a fact that state and federal support are not increasing. And it is a fact that large scale additional school buildings in Pennsylvania will not be required in the immediate future. New buildings will be primarily for special programs or the phasing out of obsolete buildings. Currently the closing of school buildings, some constructed only 15 to 20 years ago, is a major problem in many local districts as student enrollments continue to decline.

It can be assumed there will continue to be demands for salary increases by teacher associations and other employe unions. At the same time, negotiations and financial demands are being directed toward shorter work days, liberalized retirement benefits, additional fringe benefits, smaller class size, and greater job security and maintenance of membership.

The state of Pennsylvania is requiring additional programs for the gifted student and other types of handicapped students. In addition, pending state board regulations may greatly expand the range and cost of such services. Community education and alternative schools are being advocated by the Department of Education, some school administrators and segments of the public. Legislative action and court decisions have resulted in demands for additional transportation. Costs are increasing in the areas of textbooks, supplies, fuel oil, utilities and other items that go into the day-to-day operation of schools.

However, the most significant factor in overall school costs continues to be class size. (See *PSBA Bulletin*, Vol. XL, No. 2, March-April, 1976 for an in-depth discussion of this issue.) No body of evidence supports the notion that improved educational achievement results from smaller class size. Pennsylvania has experienced a continuing decline in pupil-teacher ratios as illustrated in Exhibit C.

The effect of class size is dramatic. A comparison by PSBA of class size in several other selected states illustrates the cost effect of such ratios. **For example, Pennsylvania had an overall pupil-teacher ratio of 21.1 to 1 in 1972-73. Look at the savings, or added costs, when you compare Pennsylvania's pupil-teacher ratios to three other states that are highly populous and regarded**

to have strong public education programs: California (27.2 to 1), \$350 million savings; Ohio (24.4 to 1), \$200 million savings; and New York (19 to 1), \$130 million added cost.

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**EXHIBIT 8-C: Pupil-Teacher  
and Staff-Pupil Ratios in Public Schools**

Year	Ratio	Staff/1000
PROJECTED		
1973-74	21 to 1	55
1974-75	21 to 1	56
1975-76	20 to 1	57
1976-77	20 to 1	58
1977-78	19 to 1	60
1978-79	19 to 1	62
1979-80	18 to 1	63
1980-81	18 to 1	64
1981-82	18 to 1	65
1982-83	18 to 1	66

Projections, Pennsylvania Department of Education, 1973.

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**Future challenges**

With decreasing student enrollments, lack of need for additional buildings, increasing curriculum demands, and still growing employee militancy, the question of how to pay for future services of the public schools cannot be answered with a simple solution. Perhaps a first step is to:

- (a) Review values associated with public education and its mission.
- (b) Review the goals and priorities of various aspects of education.
- (c) Review educational results during the last 10 years.
- (d) Review where the money comes from, and explore how demands for funds can be more equitably allocated among the several sources of funds.
- (e) Review educational accountability and the evaluation procedures that are being used to appraise this accountability.

While this publication is primarily a basic handbook relating to school finance, there is little argument that this nation and

state believe that the opportunity to obtain a public education on a substantially equal basis should be provided; that education should promote social mobility; that American democracy is highly dependent upon an adequate system of public education; that raising the educational achievement level is perhaps a most important step in reducing poverty; that education has a role to play in reducing crime and in reducing the dependence of many upon public welfare programs; and that a system of public education is dependent upon the taxable wealth of the state as a whole as well as the taxable wealth of local school districts.

If the above values are accepted, what is then faced is the problem of equalizing educational opportunity among districts while distributing the tax burden as fairly as is possible.

It is not unreasonable to seek the highest possible efficiency in a school organization and to find ways to assure educational accountability. The word **accountability** is comparatively new and sometimes disturbing to educators. For every dollar spent for public education, an accountable value should be evident. This accountability must be reflected at the federal level, state level, with local boards of education, and by administrators, teachers, and other employees.

#### Equal opportunity

The matter of equal educational opportunity, while a universal goal, is nearly impossible to obtain on all counts when one considers the variance in local wealth and interests. Education is a function of the several states and not of the federal government. This principle was reaffirmed by the U.S. Supreme Court in the now famous *Rodriguez* school finance case (See PSBA *School Law Information Exchange*, Vol. X, No. 26, April 17, 1973) where the court also reaffirmed that support for education based upon property taxes is not offensive to the U.S. Constitution.

Following the Supreme Court decision in the *Rodriguez* case, which upheld the Texas system of school finance based upon local property taxes, ad valorem taxes, and state aid of a flat grant nature, educational finance reformers brought suits under various state constitutions. One of the most notable of these cases was the New Jersey *Robinson vs. Cahill* case wherein the state courts determined that the New Jersey system of school finance resulted in an impermissible reliance on local property taxes to fund education. Subsequently, in an unprecedented move, the state court effectively shut down the state's educational system, ordering the Legislature to adopt another tax program to support public schools. Eventually, the New Jersey General Assembly agreed upon a state income tax — the first such tax for that state — to supplement local property taxes and other New Jersey taxes, resulting in the reopening of the state's public schools.

Another notable case was the California *Serrano* case, where that state's Supreme Court found the reliance upon local property taxes, coupled with a flat grant state aid program, impermissible.

In Pennsylvania, the state's subsidy system has withstood several court challenges over the past several years. It would be risky to attempt to predict what the future may hold in this regard. However, the rather broad range of tax sources used to finance the state's public schools as reviewed in Chapter Four, coupled with the variable percentage equalizing state support discussed in Chapter Six, makes Pennsylvania's present subsidy system less vulnerable to the kinds of court challenges that have occurred in other states.

The Pennsylvania system of state subsidies, while not perfect, should not be discarded until a proven substitute is available to eliminate or further reduce current variations in effort and in ability to support education. Most would contend that the number of dollars spent on education should be based on the educational needs of children rather than the wealth of a school district. However, national data developed by educational researchers, including that of James S. Coleman (Johns Hopkins University) and Christopher Jencks (Harvard University), suggest that simply higher expenditures do not necessarily bring about measurable improvement in outcomes. There is no body of opinion that suggests that expenditures per child should be uniform. Instead, it is widely held that expenditures should vary according to the needs and interests of the students and their communities.

#### Tax concepts

Three important concepts of taxation are as follows:

- **A tax should be equitable.** There should be a true reflection of the taxpayer's ability to pay. Progressive taxes will rise in proportion to the taxpayer's income or ability to pay, reflecting a degree of equality.
- **A tax should not be confiscatory and should not alter economic behavior.** A tax should not result in a reduction in the production of goods or services, nor should it be of such a nature as to require producers of goods or services to leave the state or a given taxing jurisdiction. A tax should not have an adverse effect on the willingness of people to work and produce.
- **A tax should be collected effectively.** Tax statutes should not have loopholes or should not be written in a manner that they can be evaded. Ineffective collection of taxes, or poor administration of tax collection procedures, ad-



versely effects the integrity of the taxing process, unfairly burdening those who do pay such taxes.

#### Taxes reviewed

Although the various types of taxes were covered in Chapter Four, perhaps it is worthwhile to briefly review the advantages and disadvantages of the main sources of revenues used as a tax base for public education in most states.

**Property tax** — The advantages of this tax are that it is stable. Property cannot easily escape taxation and most benefits go directly to the property owners or to the residents of the school district. Many would say that the principal disadvantages of property taxes result from the manner in which they are generally levied and administered. In communities where there is little business and industry, property taxes are primarily taxes on housing. Because property taxes are typically levied on the assessed value of the property, this tends to encourage deterioration and failure to make needed and desirable improvements in order to avoid higher taxes on the resulting increased value. This is especially true with absentee owners.

Some Pennsylvania taxing jurisdictions are beginning to consider, and implement, a graded tax theory. Under this plan, a differentiated tax levy is established for ground and buildings: ground is taxed at a higher rate than buildings. Advocates claim that this encourages property improvement and discourages leaving ground unimproved. It should be noted that Act 319, 1974, established favorable tax treatment for land used in farming.

Property tax levels do influence decisions by business and industry regarding site locations, and this is primarily brought about by assessment practices. Most of the problems related to the levying of property taxes grow out of assessment practices. Statewide uniform assessment ratios, that now vary from county to county and from area to area within a county, have been the objective of legislation introduced into the last two sessions of the General Assembly. Were this to be accomplished, especially if assessments were to be fixed at 100% of true market value statewide, one of the troubling problems attendant to property taxes and the operation of the present subsidy system could be greatly improved.

**Sales tax** — The principal advantages of this tax are in the simplicity of levying it and collecting it. Also, the returns tend to increase as income and values of products and services increase. On the negative side, the sales tax can become regressive as related to income unless basic commodities, such as food and medicine, are exempt. This tax also can affect decisions regarding locations of business and industry if a bordering state does not levy such a tax.

**Personal income tax** — This tax is directly related to the earned income of the taxpayer. It can be adjusted for special circumstances. It is easy to collect through payroll deductions and it has a high degree of flexibility as personal income changes. The disadvantages are that tax yields decline in periods of recession. Also, it can become overly complicated depending upon administrative procedures that allow for opportunities for evasion or that allow for various credits or deductions.

**Corporate income tax** — The primary advantages are: revenues increase with increases in corporate income; it can be equitably applied while keeping administrative costs at a minimum; and it is not likely to cause economic distortions unless a neighboring state has a much different tax rate. The disadvantages of this tax rest primarily with the level of the tax, if established at a level much higher than that in other possible site locations, such a tax can greatly influence the locations of business and industry and the resulting jobs that such business provides.

**Other miscellaneous type taxes** — These have been covered in Chapter Four and provide additional income and support for the public schools. However, these other taxes do not have the same statewide impact as the four listed above. Important tax decisions should be based on the concepts of taxation previously discussed.

#### Decision-making

The sources of revenues are obviously important. The authority and responsibility to eliminate educational inequities rests with the state. But the local school district can best choose among available options and apply the administrative controls that will reflect accountability and efficiency of operation. It behooves school board officials to assure effective results through appropriate policy-making decisions and by the accountability required from administrative staff and employees. **The establishment of district goals, the development of priorities, the requirements for accountability, and the evaluation of results are primarily board functions.**

Consolidation of schools, larger bodies of students and employees, the introduction of collective bargaining into the public schools and stiffer competition for available financial resources have all combined to make policy decisions a more complex process. **School board members deserve, and should have, adequate and sound information on which to make such decisions.**

**How responsibility and authority is to be allocated in a local school district is a determination that should be made by the school board with the advice of the superintendent.** But as school district operations have become more complex, the need has increased for a financial specialist to advise the school board and the superintendent on business affairs and to discharge other

duties as assigned. The role of the business administrator, whether school board secretary or some other designee, has become significant. Virtually all school districts are now of such size as to necessitate the existence on the district staff of a person adequately trained in school business practices, financial management, and personnel management. A few courses in school administration and school finance is no longer adequate background for such a responsibility.

Most districts budget and expend funds for inservice training of teachers and school administrators with emphasis on curriculum development and administrative changes. Generally, very little money is spent by school districts in the development of fiscal accountability and updating business practices. Many districts do not provide sufficiently trained personnel to provide data on which sound fiscal decisions can be made, yet it is exactly in this area where many of the refinements and efficiency of operation must be determined. Relating tax dollars expended to results accomplished is unescapable accountability.

#### Other factors

Negotiations with employees are directly related to the rapid escalation of costs and increases in taxes. The degree of public interest and concern is increasing and the school budget is becoming a document of greater interest that requires more explanation, better control and serves as a base for continued detailed interpretation to the taxpayer.

Taxpayer input into school district policy decisions should be considered a necessity by enlightened school boards. This interest can be used in a positive way and must be considered if the additional financing required in the future is to continue to be available from local sources. **Hopefully, this renewed interest will become a positive force in public education that will strengthen the local school board as it continues to govern local school operations.**

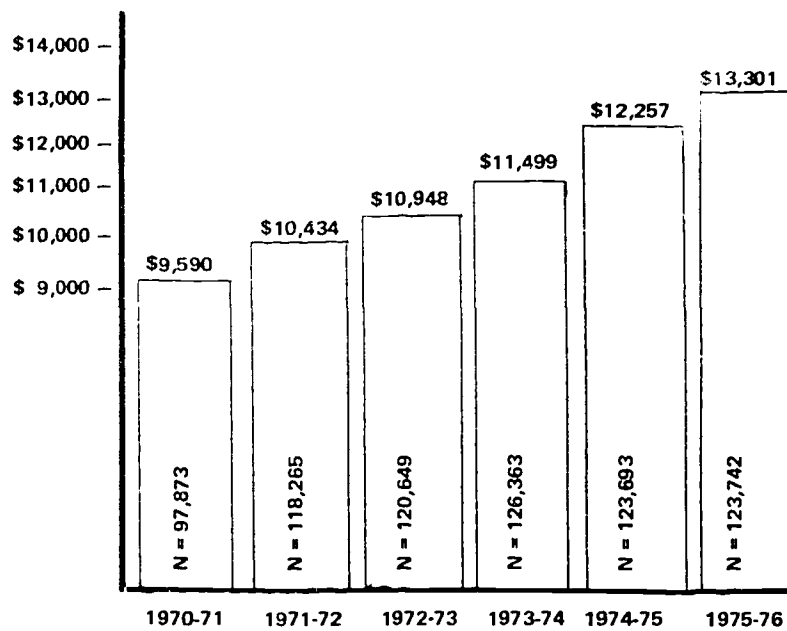
The statement is often heard that school boards can control only about 5% of the budget commitments. This is only partially true. The data listed in Chapter Two illustrates the principal factors that represent most school district costs. Costs associated with wages and salaries and other labor costs dwarf most other costs in school finances. Exhibits 8-D to 8-H, taken from the 1976 annual PSBA study of professional staff salaries, (*Information Legislative Service*, Vol. XIV, No. 31, July 30, 1976) point to these specific costs.

The percentage of the total budget subject to control may change if revised management approaches are used in salary and wage administration, debt service administration, risk management, curricular programs, the use of technicians versus state certified positions and a more efficient work force. Education

costs will probably continue to rise in the next decade depending upon overall economic conditions. A real question that must be considered is whether educational accountability will be increased as it responds to social change. How will the educational dollar be allocated in the future?

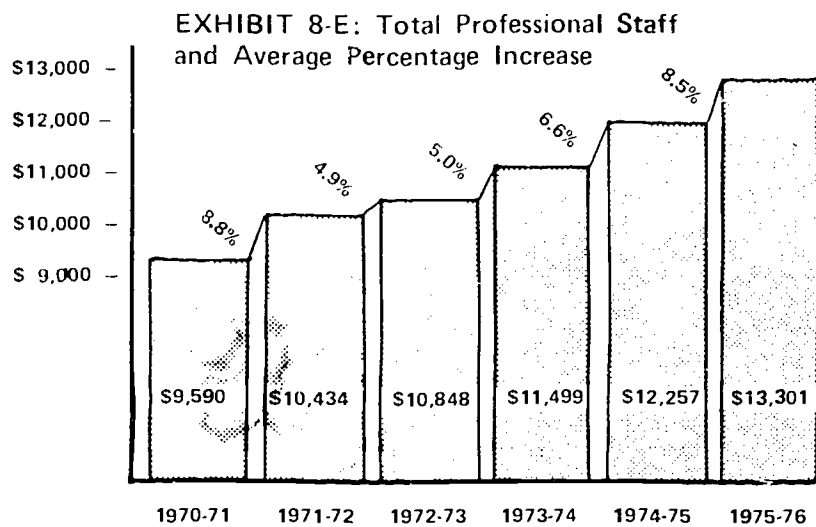
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**EXHIBIT 8-D: Total Professional Staff and Average Annual Salary**

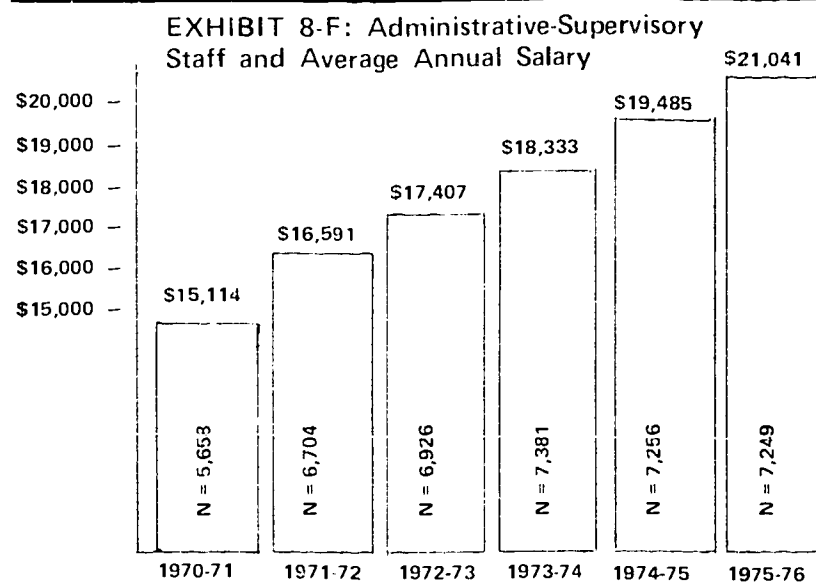


SOURCE: Information Legislative Service, Vol. XIV, No. 31, July 30, 1976. N= number of positions (full-time) included for salary purposes.

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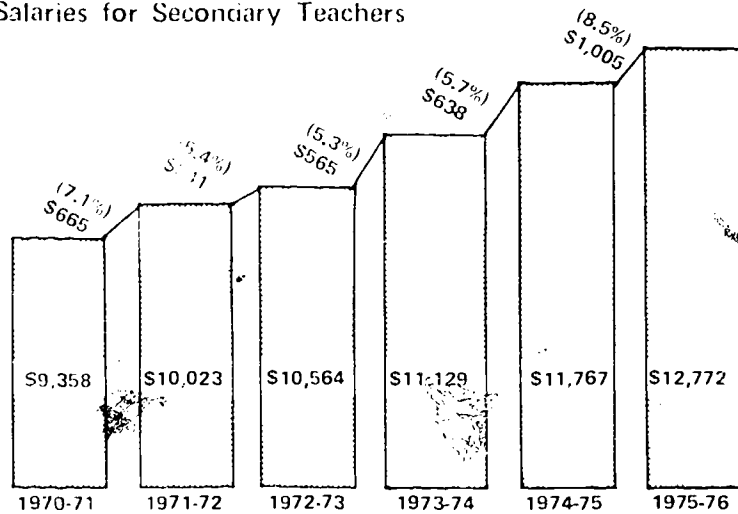


SOURCE: Information Legislative Service, Vol. XIV, No. 31, July 30, 1976.



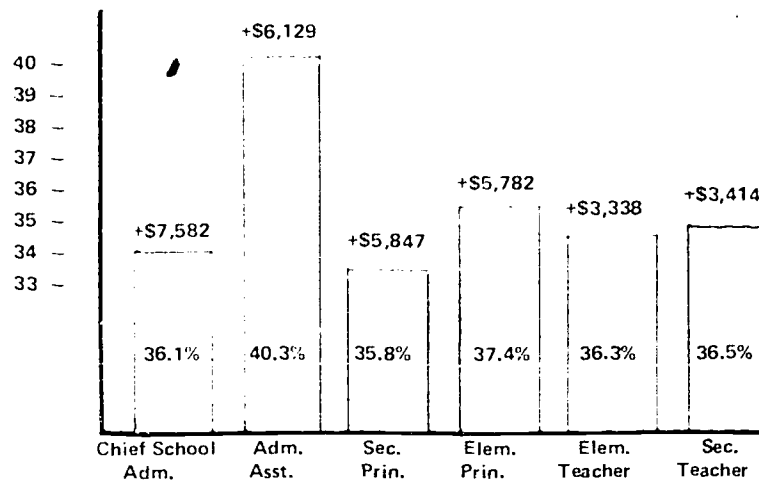
SOURCE: Information Legislative Service, Vol. XIV, No. 31, July 30, 1976. N - number of positions (full-time) included for salary purposes.

EXHIBIT 8-G: Average Annual Salaries for Secondary Teachers



SOURCE: Information Legislative Service, Vol. XIV, No. 31, July 30, 1976.

EXHIBIT 8-H: Dollar and Percentage Growth of Annual Salaries for Selected Positions (1970-71 to 1975-76)



SOURCE: Information Legislative Service, Vol. XIV, No. 31, July 30, 1976.



### Summary

- National data from HEW shows that expenditures for public and nonpublic schools at all levels of education from preprimary through graduate school are expected to exceed \$119 billion during the school year that ended June 30, 1976.
- There appears a strong probability that additional demands on education will result from court decisions, federal requirements, State Legislature actions, actions by employee organizations and action by local publics.
- Public employee salary increases, shorter workdays, liberalized retirement benefits, additional fringe benefits, smaller class size and greater job security will also impact on future costs.
- However, the most significant factor in overall school costs continues to be class size. No body of evidence supports the notion that improved educational achievement results from smaller class size.
- For every dollar spent for public education, an accountable value should be evident. This accountability must be reflected at the federal level, state level, with local boards of education, and by administrators, teachers, and other employees.
- In Pennsylvania, the state's subsidy system has withstood several court challenges over the past several years. While not perfect, it should not be discarded until a proven substitute is available to eliminate or further reduce current variations in effort and in ability to support education.
- Three important concepts of taxation are: a tax should be equitable; a tax should not be confiscatory and should not alter economic behavior; and a tax should be collected effectively.
- Four main sources used as a tax base in most states include the property, sales, personal income and corporate income taxes.
- School board members deserve, and should have, adequate and sound information on which to make decisions. The need has increased for a financial specialist to advise the school board and the superintendent on business affairs.
- Taxpayer input into school district policy decisions should be considered a necessity by enlightened school boards. This interest can be used in a positive way and must be considered if the additional financing required in the future is to continue to be available from local sources.

## ***Developing sound business practices***

*Today's circumstances call for good business practices in every school district. This chapter deals with several areas that need close scrutiny by local officials in these changing economic times and increasing costs of education.*

### **Cash flow management and fund investments**

The efficient investment of funds on hand throughout the school year should equate to investment income of two or more mills of tax in most school districts. This investment income may vary with fluctuating interest rates and the amount of local taxes collected versus the dependency upon state reimbursements.

School funds should not be laying idle but should be providing income in the form of interest through the various investments allowable under the School Code. Prompt and scheduled turnovers of collections from tax collectors, the planned scheduling of disbursements and use of competitive bidding for the investment of funds will provide an efficient return on invested funds.

Changing methods of payments for state subsidies should be watched carefully to determine the affect on cash flow and investments. Any delay in the payment of state appropriations for subsidies further restricts possible income to local districts. Especially since the enactment of Act 125, 1974, which converted the schedule of basic instruction state subsidy payments from a quarterly basis to a three-payment-a-year basis, the management of cash flow has become more critical. This is especially true since the third payment is now made in June after the school year is virtually completed. Treasury bills, certificates of deposit, savings accounts, and "buy-backs" of general obligation bonds are typical examples of investments available to school districts.

### **Improved internal accounting procedures**

School districts must continue to report income and expenditures to the state on the prescribed state form, which

reflects a line-function accounting system. However, school boards should consider the development of internal systems within the district that provide program costs. This procedure could be considered cost accounting and is a prerequisite to improved financial planning and long range financial projections.

The knowledge of comparative program costs should enable the establishment of priority spending on a year-to-year basis. This also assists in making decisions regarding expansion or contraction of curriculum programs or other services. This is particularly true when the concept of zero budgeting is considered.

Student activity funds need continuing scrutiny, particularly the system of checks and balances that exists within the school district accounting operations. Cafeteria fund accounting reflecting individual school operations may provide decision alternatives not previously considered. Care should be taken in handling the accounting for federal funds so that a clear audit trail exists regarding the application and expenditures of such funds. Internal audits and policies regarding system checks and balances for all funds should be reviewed periodically to ensure that the system is now adequate for the current demands upon it.

#### Fixed charges

In school budgets, the term "fixed charges" covers expenditures for payments to retirement, social security, workmen's compensation insurance, fire, property, liability and other school district insurances, plus the cost of fringe benefits provided to employees (hospital, surgical, major medical, dental, etc.).

The most rapid increase in costs in this particular category of expenditures has been in the employee fringe benefits area, a direct reflection of collective bargaining with employees. Employee benefits have not only increased in terms of types of coverages, but the proportion of premiums paid by the local school district has also increased. Constant review of fringe benefits is necessary by school administrators, insurance carriers and school boards to provide the most economical cost for benefits provided. Some measure of the change in benefits provided over the past several years may be had from an examination of Exhibit 9-A which is a composite of annual PSBA statewide studies on fringe benefits and personnel practices.

In 1971 the PSBA Insurance Trust was established to provide a vehicle through which member districts could combine insurance purchasing power and reduce costs of all forms of insurance programs. Exhibit 9-B illustrates the reduction in cost that was achieved for group life insurance rates after the

establishment of this program — solid evidence of the kind of savings that can be achieved through such efforts.

**EXHIBIT 9-A: Personnel Practices in Pennsylvania Public Schools for the Period 1970 through 1976-77 School Year <sup>a</sup>**

<u>Category</u>	<u>Percentage</u>			
	<u>1970</u>	<u>1972-73</u>	<u>1974-75</u>	<u>1976-77</u>
<b>Minimum Salaries<sup>b</sup></b>				
\$6,100	5%	—	—	—
6,200	14	—	—	—
6,300	22	—	—	—
6,400	10	—	—	—
6,500	8	—	10%	—
6,600-6,800	11	11%	—	—
6,800-7,000	2	17	2	—
7,000-7,200	—	22	5	—
7,200-7,400	—	16	11	—
7,400-7,600	—	10	13	—
7,600-7,800	—	11	15	15%
7,800-8,000	—	3	12	3
8,000-8,200	—	1	17	8
8,200-8,400	—	—	10	7
8,400-8,600	—	—	6	12
8,600-8,800	—	—	4	11
8,800-9,000	—	—	—	12
9,000-9,200	—	—	—	11
9,200-9,400	—	—	—	9
9,400 and above	—	—	—	12
<b>Maximum Salaries</b>				
Below \$10,000	54%	24%	—	—
\$10,000-10,500	36	—	2%	—
11,000-11,200	3	42	17	—
11,300-11,500	1	—	—	—
12,000-13,000	—	27	33	22%
13,000-14,000	—	6	26	16
14,000-15,000	—	1	16	31
15,000-16,000	—	—	6	27
16,000-17,000	—	—	—	13
17,000 and above	—	—	—	7
<b>Days of School for Teachers</b>				
180 days	8%	2%	3%	3%
181-182 days	11	12	13	13

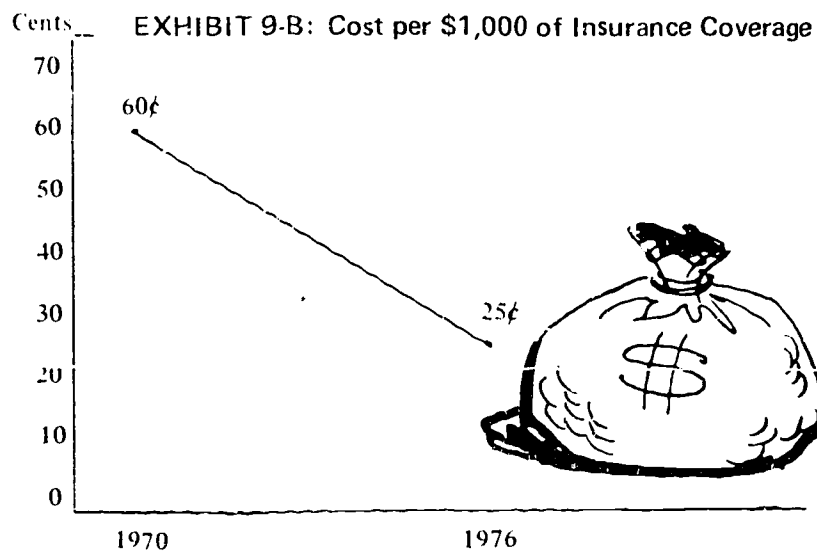
Category	1970	Percentage 1972-73	1974-75	1976-77
183-184 days	23	30	29	30
185-186 days	31	33	34	35
187-189 days	15	15	15	15
190 days	12	8	6	4

#### Other Findings

Index/Ratio applied to salary schedule		15%	16%	14%
Written job description		74	80	87
Life insurance of some form	30%	75	85	94
Hospitalization of some form	95	98	99	98
Personal leave days		89	97	98
Tuition Reimbursement in some form	50	81	85	85
Sick leave other than School Code	20	22	24	22
Some form of retirement bonus	27	73	82	78

a Based upon annual PSBA surveys of all school districts in the state for each of the years included in the period.

b Based on bachelor degree status



As the School Employees' Retirement System is modified by legislative action that usually provides increased benefits, school districts should be aware that liberalized benefits automatically mean higher costs in terms of the percentage paid against payroll dollars. (For example — Employer share in 1975-76 was 5.85% versus 6.65% in 1976-77.)

Insurance coverage in the areas of fire, bodily injury and employee liability can be obtained at stable cost levels by the awareness of claims history, the use of deductibles, partial self-insurance, and the pooling of coverages and premium dollars through such programs as provided by the PSBA Insurance Trust. The consolidation of coverage and the management of insurance programs by one broker should provide better service at a lower premium cost.

#### Control of facilities and inventories

Every district should provide permanent records, updated annually, that reflect buildings and capital equipment values. Districts should have, and maintain, inventory records providing information on school furniture, business equipment, audiovisual equipment, musical instruments, facilities, etc., owned by the district. If local personnel are not available to provide these records, consideration should be given to contracting with a commercial firm to provide an appraisal service, including an updating on an annual basis after the first year. This kind of service also may be integrated with insurance management through the PSBA Insurance Trust.

Inventory of supplies on a building basis and district basis can be easily maintained through appropriate purchasing procedures and a physical count at least once each year. Improved inventory control procedures are a natural by-product of computer recordkeeping and reporting.

#### Transportation

Every district should be in a position to know if it can operate more efficiently through contracted transportation as compared to ownership and operation of its own school bus fleet. Surveys indicate a natural breakpoint for cost comparisons occur at the time a district may need a fleet of more than 20 buses.

If the district operates its own transportation department, improved recordkeeping regarding the types of transportation provided, such as to and from school, field trips, athletic events, etc., should be a part of cost comparison data. Improved accounting procedures in this area are particularly important as legislative changes are mandated. The requirements to install



yellow (amber) blinking lights (Act 153, 1969) and compulsory bus driver training (Act 144, 1969) contain no reimbursement from the state. These are examples of overhead costs districts have had to absorb. Add to this Act 372 interpretations regarding out-of-district and out-of-state transportation and one can readily see the cost implications of transportation decisions.

#### Debt service planning

Annual review of school authority and general obligation bond issues should also be practiced. During periods of fluctuating interest rates in the bond market, it is possible to obtain savings through the refinancing of prior bond issues.

The comparison of interest rates for an authority bond issue versus a general obligation issue should be done prior to any new financing of capital projects. The debt service section of a school budget can be projected much more accurately than other type expenditures because committed costs are already known. The use of a "wrap-around" bond issue may assist districts in maintaining debt expenditure at a level rate by committing debt service payments for prior bond issues, at maturity, to increase the rate of payment on new issues. Although this method prolongs payment on the new issue and usually increases interest costs, it avoids fluctuations in tax levies.

The school business administrator, or other designated official, should be authorized, and be prepared, to purchase school district bonds as available on the open market from bond reserve and bond redemption funds. Proper investment of bond monies by trustees, as well as the consolidation of administrative bond funds, can provide economies and result in additional dollars.

#### Computers

The use of computers by individual districts, or on a joint or regional basis, challenges a district to compare initial costs, costs of operation, and the ultimate product output desired from such a facility.

The use of computers may offer efficiencies if such use is combined with other governmental units (township, borough, city) or adjoining school districts. Larger regional centers should be studied carefully as to end purpose, cost, and real benefit to user districts. Computer technology has undergone dramatic changes within the past couple of years based on solid-state integrated circuit technology. Massive reductions in size have occurred and much greater flexibility in system design is now possible. Remote entry, telecommunications and terminal facilities may provide much more flexibility for use by individual buildings and individual districts in the near future. School

officials should be aware of the likely consequences of this technological change.

#### **School district tax base**

The use of market values, as explained in previous chapters, for state aid purposes, and the use of local assessments for tax purposes, probably best illustrates the need to consider the elimination of assessed property values or to consider assessments as being equal to 100% of true market value.

The updating of assessments every two or three years would provide school districts with a more flexible tax base and a more equitable base so long as real estate taxes continue to represent slightly more than one-third statewide of school income.

Improved assessment procedures and the consolidation of tax collection expenditures should be considered by every school district. If reassessment is done on a county-to-county basis this should be required across the state in the same fiscal year to avoid fluctuation in aid ratios between school districts that lie in different counties.

A periodic review should be made of existing Act 511 taxes levied by the school district so that the other possibilities of other such taxes may be considered. An analysis of yield, cost of collection, etc. should be a part of such a review so that the district's tax base is as broad as possible and consistent with the makeup of the communities that the schools serve.

#### **Purchasing**

Districts that have developed cooperative purchasing procedures have materially reduced their unit costs for standard supplies. Access to state bids for certain kind of supplies should be considered versus cooperative bidding at the local level. In some instances, state bids may provide savings but not in every case, requiring an ongoing awareness by local officials responsible for purchasing functions.

Storage space, delivery costs and off season buying are other elements to be considered in an efficient purchasing procedure. Every district should build into its office procedures a check and balance system that separates purchasing functions from the receipt of materials, approval and payment of bills.

#### **Legislation**

Increased staff in state agencies and in legislative offices over the past several years has increased the number of legislative proposals. These proposals include new legislation and amendments to existing laws.

A greater awareness on the part of local school districts regarding the legislative process is needed to know in advance

about legislative proposals that will require additional funding at the local and state level. It is particularly important that legislation be reviewed concerning projected costs at the local level and that assurances be made that legislative changes requiring additional services at the district level will be accompanied by adequate funding measures to support the cost of such added services. The recent (1976) consideration of HB 770, the proposed new School Code, certainly magnified the need for local awareness of the effects of proposed legislative change.

#### School organization structure

Annual review of the school district internal organizational structure, and its current policies and procedures, is also recommended. Changes in administrative responsibilities, changes in curriculum and changes in policies or office procedures can only be made after appropriate review to determine whether additions or deletions should be made or status quo should be maintained in personnel assignments. Many times this will lead to the consideration of new uses of technology, typing pools or other changes reflecting the fact that a school district is not a static organization.

#### Wage and salary administration

In any discussion of business practices and school finance one must always return to a review of methods and procedures used in the paying of wages or salaries to professional and nonprofessional employees. It is obvious that tenure laws and negotiated contracts with employees have major impact and largely control all school districts' commitments in this expenditure area. As stated, previously, salaries and wages represent almost 75% of the typical school district budget. It should be noted, however, management prerogatives still exist in the evaluation of results, accountability and work schedules. A well planned, well coordinated labor relations program is essential.

In a period of declining enrollments, staffing policies particularly need careful scrutiny. Consideration of position evaluation for every function can result in a better control of the salary dollar as well as payment on an equitable basis for duties performed.

The data listed in Chapter Two illustrated the four factors that represent 90% of the school budget. Obviously, anything that school officials can do to favorably influence these four factors (salaries and wages, transportation, plant, debt service) will produce the greatest benefit. A review of the suggestions made in this chapter along with an examination of the details that represent these four factors in a local school district may set the stage for financial relief or better managed costs in future years.

### Summary

- The efficient investment of funds on hand throughout the school year should equate to investment income of two or more mills of tax in most school districts. Changing methods of payments for state subsidies should be watched carefully to determine the affect on cash flow and investments.
- The most rapid increase in costs in the "fixed charges" category of expenditures has been in the employe fringe benefits *area*, a direct reflection of collective bargaining with employes.
- The PSBA Insurance Trust provides a vehicle through which member districts can combine insurance purchasing power and reduce costs of all forms of insurance programs.
- Insurance coverage in the areas of fire, bodily injury and employe liability can be obtained at stable cost levels by the awareness of claims history, the use of deductibles, partial self-insurance, and the pooling of coverages and premium dollars through such programs as provided by the PSBA Insurance Trust.
- Every district should provide permanent records, updated annually, that reflect buildings and capital equipment values. Districts should have, and maintain, inventory records providing information on all equipment and facilities.
- Every district should be in a position to know if it can operate more efficiently through contracted transportation as compared to ownership and operation of its own school bus fleet. Surveys indicate a natural breakpoint for cost comparisons occur at the time a district may need a fleet of more than 20 buses.
- Annual review of school authority and general obligation bond issues should also be practiced. During periods of fluctuating interest rates in the bond market, it is possible to obtain savings through the refinancing of prior bond issues.
- The use of computers by individual districts, or on a joint or regional basis, challenges a district to compare initial costs, costs of operation, and the ultimate product output desired from such a facility.
- Improved assessment procedures for tax purposes and the consolidation of tax collection expenditures should be considered by every school district. If reassessment is done on a county-to-county basis this should be required across the state in the same fiscal year to avoid fluctuation in aid ratios between school districts that lie in different counties.
- A greater awareness on the part of local school districts regarding the legislative process is needed to know in advance

about legislative proposals that will require additional funding at the local and state level.

- Annual review of the school district internal organizational structure, and its current policies and procedures, is also recommended.
- Salaries and wages represent almost 75% of the typical school district budget. Management prerogatives still exist in the evaluation of results, accountability and work schedules. A well planned, well coordinated labor relations program is essential.

## REFERENCED LEGISLATION

<u>FEDERAL</u>	<u>PAGE</u>
Seminary Act of 1802: Provided original land grants to new states	41
Morrill Acts 1862 and 1890: Provided land grant colleges and direct grants	41
U.S. Constitution: Federal funding provisions – “general welfare”	41
Smith-Hughes Act of 1917: Provided federal support for vocational education	42
George-Deen Act of 1936: Expanded Smith-Hughes provisions	42
Impact Aid law P.L. 874: Reimbursed school districts for students from military bases	42
Impact Aid law P.L. 815: Provided federal funds for school construction due to excess of students residing on military bases	42
National Defense Education Act of 1958, P.L. 85-864 (NDEA): Provided categorical aid programs	42
Elementary and Secondary Education Act of 1965 P.L. 89-10 (ESEA): Provided categorical aid programs	43
Revenue Sharing Act of 1972 P.L. 92-512: Provides federal funds to state governments	44
Federal Educational Amendment of 1974 P.L. 93-380: Updates most all previous educational legislation	77
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